

University of Southern California
Report on Audit of Consolidated Financial Statements
and on Federal Awards Programs in Accordance with
OMB Circular A-133
For the Year Ended June 30, 2015

Location

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University of Southern California
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**Independent Auditor's Report on Consolidated
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards**

The Board of Trustees of the
University of Southern California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the University of Southern California (the "University") and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the university's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Southern California and its subsidiaries as of June 30, 2015 and 2014, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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, 2015 is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015 on our consideration of University of Southern California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 of Southern California's internal control over financial reporting and compliance.

Princeton & Cooper LLP

October 14, 2015

CONSOLIDATED BALANCE SHEET*(in thousands)*

		<i>a</i>	<i>b</i>	
		June 30, 2015	June 30, 2014	
Assets:				
	1	Cash and cash equivalents	\$370,960	\$442,423 1
	2	Accounts receivable, net	363,539	352,221 2
		Notes receivable, net of allowance for doubtful		
	3	accounts, \$5,575 (2015), \$5,580 (2014)	81,377	84,696 3
	4	Pledges receivable, net	648,619	577,027 4
	5	Investments	5,537,327	5,390,233 5
	6	Inventories, prepaid expenses and other assets	247,786	204,348 6
	7	Property, plant and equipment, net	3,107,968	2,928,043 7
	8	Total Assets	\$10,357,576	\$9,978,991 8
Liabilities:				
	9	Accounts payable	\$291,977	\$211,271 9
	10	Accrued liabilities	454,473	420,446 10
	11	Refundable advances	18,553	16,936 11
	12	Current portion of long-term debt	8,515	7,120 12
	13	Deposits and deferred revenue	170,264	163,920 13
	14	Actuarial liability for annuities payable	152,463	149,047 14
	15	Federal student loan funds	68,195	67,952 15
	16	Asset retirement obligations	110,637	109,210 16
	17	Capital lease obligations	126,459	125,742 17
	18	Long-term debt	1,227,145	1,237,895 18
	19	Other liabilities	3,948	6,864 19
	20	Total Liabilities	2,632,629	2,516,403 20
Net Assets:				
	21	Unrestricted	3,482,886	3,417,909 21
	22	Temporarily restricted	1,999,459	1,966,794 22
	23	Permanently restricted	2,242,602	2,077,885 23
	24	Total Net Assets	7,724,947	7,462,588 24
	25	Total Liabilities and Net Assets	\$10,357,576	\$9,978,991 25

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF ACTIVITIES

(in thousands)

				Year Ended June 30, 2015		
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>		
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets		
Revenues:						
1	Student tuition and fees	\$1,710,225		\$1,710,225	1	
2	Less: financial aid	(460,276)		(460,276)	2	
3	Net student tuition and fees	1,249,949		1,249,949	3	
4	Endowment income	45,527		45,959	4	
5	Investment and other income	14,360		14,565	5	
6	Net appreciation (depreciation) in fair value of investments	33,565	\$73,090	(2,214)	104,441	6
7	Contracts and grants	455,177		455,177	7	
8	Contributions	248,837	124,011	164,917	537,765	8
9	Sales, services and other	217,457		217,457	9	
10	Auxiliary enterprises	308,515		308,515	10	
11	Health care services	1,310,882		1,310,882	11	
12	Present value adjustment to annuities payable		37	(2,033)	(1,996)	12
13	Net assets released from restrictions / redesignations	161,063	(164,473)	3,410		13
14	Total Revenues	4,045,332	32,665	164,717	4,242,714	14
Expenses:						
15	Educational and general activities	2,415,602		2,415,602	15	
16	Health care services	1,300,218		1,300,218	16	
17	Depreciation and amortization	198,357		198,357	17	
18	Interest on indebtedness	66,178		66,178	18	
19	Total Expenses	3,980,355		3,980,355	19	
20	Increase in Net Assets	64,977	32,665	164,717	262,359	20
21	Beginning Net Assets	3,417,909	1,966,794	2,077,885	7,462,588	21
22	Ending Net Assets	\$3,482,886	\$1,999,459	\$2,242,602	\$7,724,947	22
Nature of specific net assets:						
23	Designated	\$808,017			\$808,017	23
24	Externally restricted		\$53,802	\$25,422	79,224	24
25	Pledges		327,070	321,549	648,619	25
26	Unexpended endowment income	214,053			214,053	26
27	Annuity and living trusts		54,168	88,222	142,390	27
28	True endowment and net appreciation		1,564,419	1,807,409	3,371,828	28
29	Funds functioning as endowment	1,337,683			1,337,683	29
30	Debt service funds	86,322			86,322	30
31	Invested in plant	1,036,811			1,036,811	31
32		\$3,482,886	\$1,999,459	\$2,242,602	\$7,724,947	32

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF ACTIVITIES*(in thousands)*

				Year Ended June 30, 2014	
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets	
Revenues:					
1 Student tuition and fees	\$1,602,331			\$1,602,331	1
2 Less: financial aid	(440,014)			(440,014)	2
3 Net student tuition and fees	1,162,317			1,162,317	3
4 Endowment income	50,521		\$438	50,959	4
5 Investment and other income	10,792		222	11,014	5
6 Net appreciation in fair value of investments	216,934	\$503,164	19,239	739,337	6
7 Contracts and grants	452,724			452,724	7
8 Contributions	406,237	129,298	180,740	716,275	8
9 Sales, services and other	170,991			170,991	9
10 Auxiliary enterprises	296,335			296,335	10
11 Health care services	1,167,345			1,167,345	11
12 Present value adjustment to annuities payable		(1,050)	(5,787)	(6,837)	12
13 Net assets released from restrictions / redesignations	258,007	(251,185)	(6,822)		13
14 Total Revenues	4,192,203	380,227	188,030	4,760,460	14
Expenses:					
15 Educational and general activities	2,312,932			2,312,932	15
16 Health care services	1,122,176			1,122,176	16
17 Depreciation and amortization	180,953			180,953	17
18 Interest on indebtedness	66,670			66,670	18
19 Total Expenses	3,682,731			3,682,731	19
20 Increase in Net Assets	509,472	380,227	188,030	1,077,729	20
21 Beginning Net Assets	2,908,437	1,586,567	1,889,855	6,384,859	21
22 Ending Net Assets	\$3,417,909	\$1,966,794	\$2,077,885	\$7,462,588	22
Nature of specific net assets:					
23 Departmentally designated	\$760,869			\$760,869	23
24 Externally restricted		\$35,221	\$27,914	63,135	24
25 Pledges		288,879	288,148	577,027	25
26 Unexpended endowment income	196,094			196,094	26
27 Annuity and living trusts		50,683	90,830	141,513	27
28 True endowment and net appreciation		1,592,011	1,670,993	3,263,004	28
29 Funds functioning as endowment	1,330,010			1,330,010	29
30 Debt service funds	78,432			78,432	30
31 Invested in plant	1,052,504			1,052,504	31
32 Total	\$3,417,909	\$1,966,794	\$2,077,885	\$7,462,588	32

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

	<i>a</i>	<i>b</i>	
	Year Ended June 30, 2015	Year Ended June 30, 2014	
Cash Flows from Operating Activities:			
1 Change in Net Assets	\$262,359	\$1,077,729	1
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
2 Depreciation and amortization	198,357	180,953	2
3 Loss on the disposal/sale of plant assets	8,276	3,755	3
4 In-kind receipt of property, plant and equipment	(5,340)	(99,443)	4
5 Present value adjustment to annuities payable	2,044	7,137	5
6 Increase in accounts receivable	(11,318)	(26,663)	6
7 Increase in pledges receivable	(205,034)	(178,016)	7
8 Increase in inventories, prepaid expenses and other assets	(29,180)	(41,281)	8
9 Increase (decrease) in accounts payable	85,129	(3,700)	9
10 Increase in accrued liabilities	18,437	89,836	10
11 Increase (decrease) in refundable advances	1,617	(429)	11
12 Increase in deposits and deferred revenue	6,344	4,207	12
13 (Decrease) increase in other liabilities	(2,916)	2,431	13
14 Contributions restricted for property, plant and equipment and permanent investment	(165,088)	(207,231)	14
15 Net realized gain on sale of investments	(225,507)	(327,705)	15
16 Net unrealized depreciation (appreciation) in investments	121,241	(411,786)	16
17 Net cash provided by operating activities	59,421	69,794	17
Cash Flows from Investing Activities:			
18 Proceeds from note collections	13,311	11,939	18
19 Notes issued	(9,987)	(11,219)	19
20 Proceeds from sale and maturity of investments	4,372,440	4,158,861	20
21 Purchase of investments	(4,434,823)	(4,129,737)	21
22 Purchase of property, plant and equipment	(364,850)	(420,755)	22
23 Net cash used in investing activities	(423,909)	(390,911)	23
Cash Flows from Financing Activities:			
Contributions restricted for permanent investment:			
24 Endowment	212,849	160,052	24
25 Plant	79,547	165,703	25
26 Trusts and other	6,133	2,388	26
27 Repayment of long-term debt	(7,120)	(10,037)	27
28 Increase in federal student loan funds	244	245	28
29 Investment gain (loss) on annuities payable	5,900	(20)	29
30 Payments on annuities payable	(13,686)	(13,082)	30
31 Increase to annuities payable resulting from new contributions	9,158	6,666	31
32 Net cash provided by financing activities	293,025	311,915	32
33 Net decrease in cash and cash equivalents	(71,463)	(9,202)	33
34 Cash and cash equivalents at beginning of year	442,423	451,625	34
35 Cash and cash equivalents at end of year	\$370,960	\$442,423	35

The accompanying notes are an integral part of this statement.

Notes to Consolidated Financial Statements

Note 1.

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

- The University of Southern California is a not-for-profit, major private research university. 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 three categories according to donor-imposed restrictions or provisions of law: unrestricted, temporarily restricted, or permanently restricted. All material transactions between the university and its subsidiaries have been eliminated.
- 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.

Unrestricted net assets:

- *Education and general:* Education and general include the revenues and expenses associated with the principal educational mission of the university.
- *Health care services:* Health care services are reflective of the revenues and expenses associated with Keck Hospital of USC, USC Norris Cancer Hospital, USC Verdugo Hills Hospital, the Professional Services Agreement with Los Angeles County and USC Care Medical Group, Inc., a primary care and multi-specialty physician practice corporation.
- *Sponsored research and departmental activities:* Sponsored research agreements recognize revenue as it is earned through expenditure in accordance with the agreement. Any funding received in advance of expenditure is recorded as refundable advances. Departmental net assets include contributions to the university and its various schools and departments. The university has determined that any donor-imposed restrictions of contributions for current or developing programs and activities are generally met within the operating cycle of the university and, therefore, the university's policy is to record these net assets as unrestricted. Internally designated net assets are those which have been appropriated by the Board of Trustees or designated by management.
- *Unexpended plant and debt service funds:* Unexpended plant and debt service net assets include contributions and income earned on unexpended balances for capital projects which are currently under construction and transfers from the operating budget to fund the debt service requirements for outstanding bonds, notes and mortgages payable. The university follows the policy of lifting the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the restrictions are fulfilled or the assets are placed in service.
- *Invested in plant:* Invested in plant assets, including collections of works of art and historical treasures, are stated at cost or fair value at the date of contribution, plus the estimated value of any associated legal retirement obligations, less accumulated depreciation, computed on a straight-line basis over the estimated useful or component lives of the assets (equipment and library books useful lives ranging from 4 to 10 years and buildings component lives ranging from 5 to 50 years). Equipment is removed from the records at the time of disposal. The university follows the policy of recording contributions of long-lived assets directly in invested in plant assets when the purpose or time restriction is met instead of recognizing the contribution over the useful life of the asset.
- *Long-term investment:* Long-term investments include contributions and Board of Trustee designations to funds functioning as endowment, realized and unrealized gains and reinvested income (income earned in excess of the spending rule) on all endowment funds.
- *Student loan:* Student loan net assets include lending activity to students utilizing university resources designated for that purpose.

Temporarily restricted net assets:

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 for which the ultimate purpose of the proceeds is not permanently restricted are included in temporarily restricted net assets.

Permanently restricted net assets:

Contributions, charitable remainder unitrusts, pooled income funds, gift annuities and pledges receivable which require by donor restriction the investment of the corpus in perpetuity, net appreciation on true endowment and only the income be made available for program operations in accordance with donor restrictions and contributions which have been donor stipulated to provide loans to students are included in permanently restricted net assets.

Note 1 (continued).**Other accounting policies:**

- Cash equivalents consist of highly liquid investments with original maturities of three months or less. The university has classified all cash and cash equivalents as Level I financial instruments.
- Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the Consolidated Statement 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.
- Inventories are valued at the lower of cost (first-in, first-out) or market.
- The university receives federal reimbursement for a portion of the costs of its facilities and equipment used in organized sponsored research. The Office of Management and Budget, Circular A-21, 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.
- Student tuition and fees are recorded as revenues during the year the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue.
- The university's split interest agreements with donors consist primarily of gift annuities, unitrusts, pooled income funds and life estates. For irrevocable agreements, assets contributed are included in the university's investments and stated at fair value. Contribution revenue is recognized at the date each trust is established after recording liabilities for the actuarially-determined present value of the estimated future payments to be made to the beneficiaries. The actuarial liability is discounted at an appropriate risk-adjusted rate at the inception of each agreement and the applicable actuarial mortality tables. Discount rates on split-interest agreements range from 3.0% to 9.5%. The liabilities are adjusted during the terms of the trusts for changes in the fair value of the assets, accretion of discounts, and other changes in the estimates of future benefits. The valuation followed generally accepted actuarial methods and was 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 was estimated using a probability weighted, discounted cash flow model. The present value of future estimated cash flows was 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, 2015 and 2014, the university recognized accretion expense related to the conditional asset retirement obligation of approximately \$5,649,000 and \$5,420,000, respectively. For the years ended June 30, 2015 and 2014, the university settled asset retirement obligations of approximately \$1,835,000 and \$1,653,000, respectively. As of June 30, 2015 and 2014, included in the Consolidated Balance Sheet is an asset retirement obligation of \$110,637,000 and \$109,210,000, respectively.
- Contributions from donors, including contributions receivable (unconditional promises to give), are recorded as revenues in the year received. Contributions are valued using quoted market prices, market prices for similar assets, independent appraisals, or 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 unrestricted revenue. Contributions of long-lived assets with no donor-imposed time restrictions are reported as unrestricted revenue in the year received. Contributions restricted to the acquisition or construction of long-lived assets or subject to other time or purpose restrictions are reported as temporarily restricted revenue. The temporarily restricted net assets resulting from these contributions are released to unrestricted net assets when the donor-imposed restrictions are fulfilled or the assets are placed in service. Contributions received for endowment investment are held in perpetuity and recorded as permanently restricted revenue.

Note 1 (continued).

- Health care services revenues include the net patient service revenues associated with the Keck Hospital of USC, USC Norris Cancer Hospital, USC Verdugo Hills Hospital and USC Care Medical Group, Inc. Net patient service revenue is reported as estimated net realizable amounts from patients, third party payors, government programs and others in the period in which services are provided. The majority of the healthcare services are rendered to patients with commercial or managed care insurance, or under the federal Medicare and California State Medi-Cal programs. Reimbursement from these various payors is based on a combination of prospectively determined rates, discounts from charges and historical costs. Amounts received under the Medicare program are subject to retroactive settlements based on review and final determination by program intermediaries or their agents. Provisions for contractual adjustments and retroactive settlements related to those payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as additional information becomes known or as final settlements are determined. Health care services revenues also include the revenues associated with the professional services agreement with the County of Los Angeles.
- Allowances for doubtful accounts are based upon management's assessment of historical and expected net collections considering historical business and economic conditions. Periodically throughout the year management assesses the adequacy of the allowances for doubtful accounts based upon historical write-off experience. The results of this review are then used to make any modifications to the allowance for doubtful accounts.
- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.
- The university applies the provision of FASB ASC 820, Fair Value Measurements, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

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

- Level I - Quoted prices in active markets for identical assets or liabilities.
- Level II - Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III investments are valued by the university based upon valuation information received from the relevant entity which may include last trade information, third-party appraisals of real estate, or valuations prepared by custodians for assets held in trusts by other trustees where the university is named as a beneficiary. The university may also utilize industry standard valuation techniques, including discounted cash flow models. Significant increases or decreases in these inputs in isolation may result in a significantly lower or higher fair value measurement, respectively.

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, 2015 and 2014, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient.

Note 1 (continued).**Recent Accounting Pronouncements:**

In October 2012, the FASB issued ASU 2012-05, Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB Emerging Issues Task Force), which amends the standards for preparing the statement of cash flows. The ASU requires a not-for-profit ("NFP") to classify cash receipts from the sale of donated financial assets consistently with cash donations received if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately to cash. The guidance provided in ASU 2012-05 is effective for interim and annual reporting periods beginning after June 15, 2013. The university adopted ASU 2012-05 effective July 1, 2013, and such adoption did not have a material effect on the university's financial statements.

On July 1, 2014, the university early adopted new guidance about Fair Value Measurement and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This guidance requires the university to show investments that use NAV as a practical expedient for valuation purposes, separately from other investments categorized in the fair value hierarchy described in Footnote 4. This disclosure change, which was applied retrospectively, can be seen in the investment leveling tables shown in Footnotes 4 and 13 for both fiscal years 2015 and 2014.

**Note 2.
Acquisitions**

In July 2013, the university acquired USC Verdugo Hills Hospital ("USC VHH") through its subsidiary, USC Verdugo Hills Hospital, LLC ("USC VHH LLC"). The primary operation of USC VHH is a 158-bed acute care hospital located in Glendale, California. USC VHH LLC acquired certain assets and assumed certain liabilities in consideration of the USC VHH LLC discharging the outstanding indebtedness of USC VHH in an amount of approximately \$9,000,000. The university's consolidated financial statements include the results of the operations of USC VHH for the 11 ½ month period ended June 30, 2014. The acquired hospital had approximately \$79,000,000 and \$73,000,000 in net patient service revenue for the years ended June 30, 2015 and year ended June 30, 2014, respectively.

In December 2013, Pacific Asia Museum ("PAM") merged with the university. The university's consolidated financial statements include the results of the operations of PAM since the merger.

The acquisition of both entities resulted in the recognition of approximately \$100,000,000 in net assets acquired which is included in contributions on the consolidated statement of net assets for the year ended June 30, 2014. The majority of the acquisition consisted of \$25,000,000 of art and historical treasures and \$75,000,000 of property, plant and equipment. The results of operations for both acquired entities did not have a material impact on the consolidated statement of activities for the years ended June 30, 2015 and 2014.

**Note 3.
Accounts receivable (in thousands):**

Accounts receivable are summarized as follows at June 30:

	2015	2014
U.S. Government	\$36,314	\$35,862
Student and other, net of allowance for doubtful accounts of \$11,500 (2015), \$9,000 (2014)	99,032	95,320
Patient care, net of allowance for doubtful accounts of \$76,572 (2015), \$57,842 (2014)	228,193	221,039
	<u>\$363,539</u>	<u>\$352,221</u>

Note 4.**Investments (in thousands):**

Investments consisted of the following at June 30:

	2015	2014
Equities	\$1,927,150	\$1,871,615
Fixed income securities	1,134,088	1,116,329
Alternative investments:		
Hedge funds	869,240	756,710
Private capital	1,209,154	1,265,601
Real estate and other	246,410	235,254
Assets held by other trustees	151,285	144,724
Total	\$5,537,327	\$5,390,233

The following table summarizes the levels of financial instruments carried at fair value as defined by ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2015:

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$1,744,656	\$54,421	\$75,702	\$52,371	\$1,927,150
Fixed income securities	251,546	873,632	8,910		1,134,088
Hedge funds				869,240	869,240
Private capital				1,209,154	1,209,154
Real estate and other			36,936	209,474	246,410
Assets held by other trustees			151,285		151,285
Total investments	\$1,996,202	\$928,053	\$272,833	\$2,340,239	\$5,537,327

The following table summarizes the levels of financial instruments carried at fair value as defined by ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2014:

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$571,895	\$1,080,577	\$104,087	\$115,057	\$1,871,616
Fixed income securities	195,793	907,187	13,348		1,116,328
Hedge funds				756,710	756,710
Private capital				1,265,601	1,265,601
Real estate and other			27,717	207,537	235,254
Assets held by other trustees			144,724		144,724
Total investments	\$767,688	\$1,987,764	\$289,876	\$2,344,905	\$5,390,233

The following table summarizes the university's Level III reconciliation of investments for the year ended June 30, 2015:

	Beginning Balance	Purchases	Sales and maturities	Realized gain	Unrealized gain/(loss)	Transfers in	Transfers out	Ending balance
June 30, 2015								
Equities	\$104,087	\$3,549	(\$19,361)	\$1,106	(\$6,861)		(\$6,818)	\$75,702
Fixed income securities	13,348	4,457	(8,621)	29	(215)		(88)	8,910
Real estate and other	27,717	7,269	(173)		641	\$1,482		36,936
Assets held by other trustees	144,724	9,411	(1,307)		(1,543)			151,285
Total	\$289,876	\$24,686	(\$29,462)	\$1,135	(\$7,978)	\$1,482	(\$6,906)	\$272,833

The following table summarizes the university's Level III reconciliation of investments for the year ended June 30, 2014:

	Beginning Balance	Purchases	Sales and maturities	Realized gain	Unrealized gain/(loss)	Transfers in	Transfers out	Ending balance
June 30, 2014								
Equities	\$63,075	\$22,651	(\$2,492)	\$249	\$20,604			\$104,087
Fixed income securities	10,259	25,886	(23,330)	164	369			13,348
Real estate and other	35,108	1,408	(5,956)		(2,843)			27,717
Assets held by other trustees	135,344	3,001	(2,346)		8,725			144,724
Total	\$243,786	\$52,946	(\$34,124)	\$413	\$26,855	-	-	\$289,876

Note 4 (continued).

The university uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category for the years ending June 30, 2015 and 2014, respectively:

At June 30, 2015

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Distressed Obligation Partnerships	US and Non-US Distressed Debt Securities	\$48,603,000	\$27,245,000	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Hedge Funds	US and Non-US Investments in Relative Value, Event Driven, Long/Short, and Directional Strategies	\$869,240,000	\$0	99.6% of NAV has an open ended life and 0.4% of NAV will be liquidated on an undetermined basis.	Ranges between monthly redemption with 90 days notice, quarterly redemption with up to 120 days notice, semi-annual redemption with 60 days notice, and annual redemption with up to 180 days notice.	19% of NAV is locked up for 3 months, 45% of NAV is locked-up for 1 year, and 36% of NAV is locked-up for more than 1 year.	None
Natural Resources Partnerships	US and Non-US Investments in Upstream, Midstream, and Downstream Natural Resources Investments	\$345,070,000	\$160,487,000	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Private Capital Partnerships	US and Non-US Private Equity and Venture Capital Investments	\$815,481,000	\$118,741,000	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Private Real Estate Partnerships	US and Non-US Real Estate	\$208,213,000	\$86,929,000	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Equity Funds	US and Non-US Equity Securities	\$52,371,000	Not Applicable	Open Ended	Minimum Monthly	None	None
Other Funds	US and Non-US Investments in Securities Other than Equity and Fixed Income	<u>\$1,261,000</u>	<u>Not Applicable</u>	Open Ended	Monthly	None	None
Total		<u>\$2,340,239,000</u>	<u>\$393,402,000</u>				

At Jun 30, 2014

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Distressed Obligation Partnerships	US and Non-US Distressed Debt Securities	\$58,075,000	\$8,766,000	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Hedge Funds	US and Non-US Investments in Relative Value, Event Driven, Long/Short, and Directional Strategies	\$756,710,000	\$9,684,000	92.7% of NAV has an open ended life, 6.9% of NAV will be liquidated on 10/1/14, and 0.4% of NAV will be liquidated on an undetermined basis.	Ranges between monthly redemption with 90 days notice, quarterly redemption with up to 90 days notice, semi-annual redemption with 60 days notice, and annual redemption with up to 180 days notice.	15% of NAV is locked up for 3 months, 56% of NAV is locked-up for 1 year, and 29% of NAV is locked-up for more than 1 year.	None
Natural Resources Partnerships	US and Non-US Investments in Upstream, Midstream, and Downstream Natural Resources Investments	\$413,066,000	\$145,381,000	Approximately 6 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Private Capital Partnerships	US and Non-US Private Equity and Venture Capital Investments	\$794,460,000	\$130,835,000	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Private Real Estate Partnerships	US and Non-US Real Estate	\$206,276,000	\$80,393,000	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable	Not Applicable
Equity Funds	US and Non-US Equity Securities	\$115,057,000	Not Applicable	Open Ended	Minimum Monthly	None	None
Other Funds	US and Non-US Investments in Securities Other than Equity and Fixed Income	<u>\$1,261,000</u>	<u>Not Applicable</u>	Open Ended	Monthly	None	None
Total		<u>\$2,344,905,000</u>	<u>\$375,059,000</u>				

Note 5.**Property, plant and equipment (in thousands):**

Property, plant, and equipment consisted of the following at June 30:

	2015	2014
Land and improvements	\$179,778	\$167,178
Buildings and improvements	3,426,427	3,212,264
Buildings under capital leases	128,854	128,854
Equipment	576,066	618,798
Library books and collections	337,325	319,136
Construction-in-progress	434,931	288,517
	5,083,381	4,734,747
Less: Accumulated depreciation	1,975,413	1,806,704
	<u>\$3,107,968</u>	<u>\$2,928,043</u>

Note 6.**Bonds and notes payable (in thousands):**

	Interest %	Maturity	2015	2014
<i>California Educational Facilities Authority (CEFA) Revenue Bonds and Notes:</i>				
Series 2003B	5.00	2015-2016	\$1,255	\$2,450
Premium			25	126
Series 2005	4.25-5.00	2015-2029	55,140	58,705
Premium			1,780	1,905
Series 2007A	4.50-4.75	2034-2038	257,085	257,085
Premium			1,938	2,026
Series 2009A	5.00-5.25	2039-2040	217,605	217,605
Discount			(772)	(804)
Series 2009B	5.00-5.25	2039-2040	197,900	197,900
Premium			2,681	2,792
Series 2009C	5.25	2025	82,305	82,305
Premium			5,491	6,102
Series 2012A	5.00	2024	41,595	41,595
Premium			8,099	9,230
<i>University of Southern California Bonds</i>				
Series 1998	6.26	2019	4,585	4,585
Discount			(12)	(15)
Series 2011	5.25	2112	300,000	300,000
Discount			(2,585)	(2,612)
<i>California Infrastructure Revenue Bonds USC (USC – Soto Street Health Sciences)</i>				
Series 2010	3.25-5.00	2015-2032	32,240	33,475
Premium			2,062	2,192
Notes Payable	4.00-5.50	2015-2017	27,243	28,368
			1,235,660	1,245,015
Less: current portion of long-term debt			8,515	7,120
			<u>\$1,227,145</u>	<u>\$1,237,895</u>

Principal payment requirements relating to bonds and notes payable, after giving effect to refunding, for the next five fiscal years are approximately: 2016 \$8,515,000; 2017 \$26,333,000; 2018 \$1,400,000; 2019 \$6,055,000; 2020 \$1,540,000; thereafter \$1,173,110,000.

Interest payments for fiscal year 2015 and 2014 were \$61,427,000 and \$62,712,000, respectively.

On April 6, 2009, a \$100,000,000 revolving line of credit agreement was implemented with a bank. The credit agreement was amended on June 24, 2010 to increase the revolving line of credit to \$200,000,000. On April 19, 2013, a third amendment was agreed to extend the maturity date to November 30, 2016. The line of credit accrues interest based on LIBOR and contains a fee on the unused portion of the

Note 6 (continued).

line of credit. During the years ended June 30, 2015 and 2014, the university did not draw down on the line of credit. The line of credit contains certain restrictive covenants required in the agreement.

The estimated fair value of the university's bonds, notes and mortgages payable was \$1,368,109,000 and \$1,385,839,000 at June 30, 2015 and 2014, respectively. This fair value was estimated based upon the discounted amount of future cash outflows using the rates offered to the university for debt of the same remaining maturities.

Note 7.**Student Financial Aid (in thousands):**

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, 2015 consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$250,357	\$133,168	\$383,525
Endowed scholarships	22,474	11,954	34,428
External financial aid	27,628	14,695	42,323
	<u>\$300,459</u>	<u>\$159,817</u>	<u>\$460,276</u>

Financial aid for the year ended June 30, 2014 consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$251,527	\$116,528	\$368,055
Endowed scholarships	24,639	11,415	36,054
External financial aid	24,537	11,368	35,905
	<u>\$300,703</u>	<u>\$139,311</u>	<u>\$440,014</u>

Note 8.**Endowment (in thousands):**

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 (funds functioning as endowment) have been established from restricted contributions whose restrictions have been met and unrestricted contributions which have been designated by the Board of Trustees or management for the same purpose as endowment. The university also has a beneficial interest in the net income earned from assets which are held and managed by other trustees.

Endowment and long-term investment net assets functioning as endowment are summarized as follows for the year ended June 30, 2015 (in thousands):

	Endowment	Funds functioning as endowment	Total
Pooled	\$3,263,884	\$1,255,259	\$4,519,143
Non-pooled	107,944	82,424	190,368
	<u>\$3,371,828</u>	<u>\$1,337,683</u>	<u>\$4,709,511</u>

Endowment and long-term investment net assets functioning as endowment are summarized as follows for the year ended June 30, 2014 (in thousands):

	Endowment	Funds functioning as endowment	Total
Pooled	\$3,132,902	\$1,254,207	\$4,387,109
Non-pooled	130,102	75,803	205,905
	<u>\$3,263,004</u>	<u>\$1,330,010</u>	<u>\$4,593,014</u>

Note 8 (continued).

Pooled investments represent endowment and long-term investment net assets which have been commingled in a unitized pool (unit market value basis) for purposes of investment. At June 30, 2015 and 2014, the pool is comprised of cash and cash equivalents (3.76%) and (4.73%), equities (51.19%) and (45.70%), fixed income securities (6.62%) and (6.57%), alternative investments (33.96%) and (38.42%) and real estate and other investments (4.47%) and (4.58%), respectively. Access to or liquidation from the pool is on the basis of the market value per unit on the preceding monthly valuation date. The unit market value at June 30, 2015 and 2014 was \$647.59 and \$652.22, 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 permanently restricted net assets, (a) the original value of contributions donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. 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.

Endowment net asset composition by type of fund as of June 30, 2015 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$1,564,419	\$1,807,409	\$3,371,828
Board-designated endowment funds	\$1,337,683			1,337,683
	<u>\$1,337,683</u>	<u>\$1,564,419</u>	<u>\$1,807,409</u>	<u>\$4,709,511</u>

Endowment net asset composition by type of fund as of June 30, 2014 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$1,592,011	\$1,670,993	\$3,263,004
Board-designated endowment funds	\$1,330,010			1,330,010
	<u>\$1,330,010</u>	<u>\$1,592,011</u>	<u>\$1,670,993</u>	<u>\$4,593,014</u>

Changes in endowment net assets for the year ended June 30, 2015 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2014	\$1,330,010	\$1,592,011	\$1,670,993	\$4,593,014
Investment return:				
Investment income	45,527		432	45,959
Net appreciation	35,348	73,578		108,926
Total investment return	<u>80,875</u>	<u>73,578</u>	<u>432</u>	<u>154,885</u>
Contributions and transfers	16,100		135,984	152,084
Appropriation of endowment assets for expenditure	<u>(89,302)</u>	<u>(101,170)</u>		<u>(190,472)</u>
Endowment net assets at June 30, 2015	<u>\$1,337,683</u>	<u>\$1,564,419</u>	<u>\$1,807,409</u>	<u>\$4,709,511</u>

Note 8 (continued).

Changes in endowment net assets for the year ended June 30, 2014 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2013	\$1,134,363	\$1,197,326	\$1,536,666	\$3,868,355
Investment return:				
Investment income	50,521		438	50,959
Net appreciation	210,770	479,215		689,985
Total investment return	261,291	479,215	438	740,944
Contributions and transfers	24,421		133,889	158,310
Appropriation of endowment assets for expenditure	(90,065)	(84,530)		(174,595)
Endowment net assets at June 30, 2014	\$1,330,010	\$1,592,011	\$1,670,993	\$4,593,014

Endowments classified as permanently restricted net assets and temporarily restricted net assets are to be utilized for the following purposes:

Permanently restricted net assets (in thousands):

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

	2015	2014
Restricted for scholarship support	\$444,171	\$378,932
Restricted for faculty support	416,023	449,432
Restricted for program support	947,215	842,629
Total endowment assets classified as permanently restricted net assets	\$1,807,409	\$1,670,993

Temporarily restricted net assets (in thousands):

The portion of permanent endowment funds subject to a time restriction under UPMIFA:

	2015	2014
Restricted for scholarship support	\$357,027	\$361,021
Restricted for faculty support	422,187	428,189
Restricted for program support	785,205	802,801
Total endowment assets classified as permanently restricted net assets	\$1,564,419	\$1,592,011

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 endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$1,884,000 and \$1,404,000 as of June 30, 2015 and 2014, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation that was deemed prudent.

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

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

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

Note 8 (continued).

For the 2015 fiscal year, the Board of Trustees approved current distribution of 105% 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, \$26.69 was distributed to each time-weighted unit for a total spending rule allocation of \$189,341,000. Investment income amounting to \$6.26 per time-weighted unit was earned, totaling \$44,387,000, and \$144,954,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2015 represent 4.05% of the market value of the endowment pool at June 30, 2015.

For the 2014 fiscal year, the Board of Trustees approved current distribution of 100% 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, \$25.42 was distributed to each time-weighted unit for a total spending rule allocation of \$172,162,000. Investment income amounting to \$7.07 per time-weighted unit was earned, totaling \$47,888,000, and \$124,274,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2014 represent 3.92% of the market value of the endowment pool at June 30, 2014.

Note 9.**Loans & Notes Receivable (in thousands):**

According to the guidance in ASU 2010-20, 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, 2015 consist of the following (in thousands):

	June 30, 2015		
	Financing Receivables, at Gross	Allowance for Doubtful Accounts	Net
Perkins loans	\$50,741		\$50,741
University student loans	19,974	(\$5,575)	14,399
Other student loans	16,237		16,237
Total student loans	86,952	(5,575)	81,377
Faculty and other student loans	35,162		35,162
Total	\$122,114	(\$5,575)	\$116,539

Long-term financing receivables as of June 30, 2014 consist of the following (in thousands):

	June 30, 2014		
	Financing Receivables, at Gross	Allowance for Doubtful Accounts	Net
Perkins loans	\$53,365		\$53,365
University student loans	21,406	(\$5,580)	15,826
Other student loans	15,505		15,505
Total student loans	90,276	(\$5,580)	84,696
Faculty and other student loans	33,574		33,574
Total	\$123,850	(\$5,580)	\$118,270

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 receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan program are able to be assigned to the Federal Government in certain non-repayment situations. In these situations the Federal portion of the loan balance is guaranteed. Included in other loans are loans related to the Federal Health Professional Student Loan Program ("HPSL") and Loans for Disadvantaged Students ("LDS").

Note 9 (continued).

Factors also considered by management when performing its assessment, 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 they are deemed to be uncollectible.

The following table illustrates the aging analysis of receivables as of June 30, 2015 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$1,482	\$423	\$7,173	\$41,663	\$50,741
University student loans	615	90	9,760	9,509	19,974
Other student loans	563	7	677	14,990	16,237
Total student loans	2,660	520	17,610	66,162	86,952
Faculty and other loans				35,162	35,162
Total	\$2,660	\$520	\$17,610	\$101,324	\$122,114

The following table illustrates the aging analysis of receivables as of June 30, 2014 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$1,372	\$352	\$7,225	\$44,416	\$53,365
University student loans	664	86	10,006	10,650	21,406
Other student loans	987		637	13,881	15,505
Total student loans	3,023	438	17,868	68,947	90,276
Faculty and other loans				33,574	33,574
Total	\$3,023	\$438	\$17,868	\$102,521	\$123,850

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, 2015 and 2014 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 \$35,162,000 and \$33,574,000 were outstanding as of June 30, 2015 and 2014, 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, 2015 and 2014, 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 10.**Pledges Receivable (in thousands):**

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

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

	2015	2014
In one year or less	\$207,563	\$143,470
Between one year and five years	273,298	316,209
More than five years	311,941	254,362
Less: discount	(121,585)	(113,537)
Less: allowance	(22,598)	(23,477)
	<u>\$648,619</u>	<u>\$577,027</u>

Note 10 (continued).

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

	2015	2014
Endowment for departmental programs and activities	\$315,479	\$275,783
Endowment for scholarship	6,372	12,560
Building construction	146,028	132,484
Departmental programs and activities	180,740	156,200
	<u>\$648,619</u>	<u>\$577,027</u>

Note 11.**Grants and Contracts (in thousands):**

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:

	2015	2014
Current sponsored awards	\$506,507	\$513,281
Executed grants and contracts for future periods	635,841	551,976
	<u>\$1,142,348</u>	<u>\$1,065,257</u>

Note 12.**Commitments and Contingencies:**

At June 30, 2015 and 2014, the university had remaining commitments of approximately \$393,402,000 and \$375,059,000 with alternative investment managers and/or limited partnerships, respectively.

Contractual commitments for educational plant amounted to approximately \$386,101,000 and \$94,969,000 at June 30, 2015 and 2014, respectively. It is expected that the resources to satisfy these commitments will be provided from certain unexpended plant net assets, anticipated contributions and/or debt proceeds.

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

Note 13.

Retirement benefits for eligible university employees are provided through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, The Vanguard Group, AIG SunAmerica, Fidelity Investments and Prudential Financial. Under these defined contribution plans, the university and plan participants make contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds or commingled funds. The university makes a 5% non-elective contribution to all eligible employees and also matches dollar for dollar the first 5% of the employees' contributions. Newly hired employees on or after January 1, 2012, will have the university non-elective contribution subject to a four year vesting schedule. Benefits commence upon termination or retirement and pre retirement survivor death benefits are also provided. Charges to education and general activities expenses for the university's share of costs were approximately \$138,591,000 and \$131,072,000 during the year ended June 30, 2015 and 2014, respectively.

Retirement benefits for hospital employees covered under a collective bargaining agreement with the National Union of Healthcare Workers (NUHW) and employees of USC Verdugo Hills Hospital are provided by a defined contribution 401(k) plan through Fidelity investments. Until August 2011, the hospital employees covered under a collective bargaining agreement with CNA were also covered under this 401(k) plan. Under the defined contribution plan, participants make contributions to purchase a variety of mutual funds. The university makes its contribution following the end of the calendar year and matches 100% of the participants' contributions up to 4% of eligible earnings providing the participant was employed on the last day of the calendar year. In addition, the university makes a 1% retiree medical benefit contribution to all NUHW participants who were both employed on the last day of the calendar year and worked 1,500 hours in that calendar year. Effective July 2013, all employees of the USC Verdugo Hills Hospital are eligible to participate in the 401(k) plan. They will receive a discretionary employer match of up to 4% of eligible earnings. The university contribution is subject to a five year vesting schedule although previously credited years prior to the Tenet and Verdugo acquisitions have been carried over. Benefits commence at age 59 1/2, termination of employment, or retirement and pre-retirement survivor death benefits are also provided. Charges to education and general activities expenses for the university's share of costs were approximately \$1,472,000 and \$1,290,000 during the year ended June 30, 2015 and 2014, respectively.

Note 13 (continued).

Retirement benefits for non-exempt university employees are provided through a noncontributory defined benefit pension plan. The following table sets forth the plan's funded status at June 30 (in thousands):

Obligations and Plan Assets	2015	2014
Change in Projected Benefit Obligation		
Benefit obligation at end of prior year	\$243,835	\$212,231
Interest cost	10,540	10,206
Actuarial (loss) gain	(3,833)	28,729
Benefits paid	(8,116)	(7,331)
Benefit obligation at end of year	<u>\$242,426</u>	<u>\$243,835</u>
Change in Plan Assets		
Fair value of plan assets at end of prior year	\$177,445	\$152,264
Actual return on plan assets	1,390	32,512
Benefits paid	(8,116)	(7,331)
Fair value of plan assets at end of year	<u>\$170,719</u>	<u>\$177,445</u>
Reconciliation of Funded Status		
Accumulated benefit obligation at end of year	\$242,426	\$243,835
Projected benefit obligation at end of year	(\$242,426)	(\$243,835)
Fair value of plan assets at end of year	170,719	177,445
Funded status	<u>(\$71,707)</u>	<u>(\$66,390)</u>
Components of Net Periodic Benefit Cost		
Interest cost	10,540	\$10,206
Expected return on plan assets	(12,123)	(10,384)
Amortization of net loss	5,753	5,822
Total benefit cost	<u>4,170</u>	<u>\$5,644</u>
Amounts recognized in the Statement of Financial Position		
Accrued liabilities	(\$71,707)	(\$66,390)
Amounts not yet recognized as components of Net Periodic Benefit Cost		
Net loss	\$88,299	\$87,152
Changes in the net reduction to Unrestricted Net Assets		
Net loss	\$6,900	\$6,601
Amortization of net loss	(5,753)	(5,822)
Total	<u>\$1,147</u>	<u>\$ 779</u>

The estimated net loss/(gain) and prior service cost for the USC Support Staff Retirement Plan ("Plan") that will be recognized as components of net periodic benefit cost over the next fiscal year are \$5,987,000 and \$0, respectively.

The Plan was amended to freeze benefit accruals for all remaining active union participants effective December 23, 2009, and to provide full vesting for those participants.

No special accounting for curtailments, settlements or termination benefits was required during the years ended June 30, 2015 and 2014.

Assumptions

Weighted-average assumptions used to determine net periodic benefit cost for year ended June 30:	2015	2014
Discount rate	4.40%	4.90%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A
Weighted-average assumption used to determine net year-end benefit obligations at June 30:		
Discount rate	4.60%	4.40%
Rate of compensation increase	N/A	N/A

Note 13 (continued).**Plan Assets**

In managing the Plan assets, our 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 our expense and cash flow. The target allocation for pension benefit plan assets is 75% equity securities and 25% fixed income securities.

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

Fair Value

The Plan's interest in collective trusts is valued based on the net asset value information reported by the investment advisor. The fund is valued at the normal close of trading on the New York Stock Exchange every day the Exchange is open (a "Business Day"). Equity securities are valued at the official closing price of, or the last reported sales price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or at the last available bid price. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange or market determined to be the most representative market, which may be either a securities exchange or the over-the-counter market. Short term investments are carried at market 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, 2015 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		\$39			\$39
Equity securities		129,279			129,279
Fixed income securities		41,401			41,401
Total		\$170,719			\$170,719

At June 30, 2014 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		\$44			\$44
Equity securities		129,525			129,525
Fixed income securities		47,876			47,876
Total		\$177,445			\$177,445

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, 2015	Target at June 30, 2015	Actual at June 30, 2014	Target at June 30, 2014
Short-term investment fund	0%	0%	0.0%	0%
Equity securities	75.7%	75.0%	73.0%	75.0%
Fixed income securities	24.3%	25.0%	27.0%	25.0%
Total	100.0%	100.0%	100.0%	100.0%

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 Investment Committee.

Contributions

No contribution to the Plan was required during the years ended June 30, 2015 or 2014. The university may make discretionary contributions to the Plan during the next fiscal year. This will be reassessed during fiscal year 2016.

Note 13 (continued).**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,	
2016	\$9,457
2017	10,149
2018	10,802
2019	11,303
2020	11,803
2021– 2025	66,006

Note 14.**Leases**

The university is the lessee of various equipment and space under noncancelable operating and capital leases. Operating lease rental expense for the years ended June 30, 2015 and 2014 was approximately \$29,722,000 and \$28,295,000, respectively. Space leases contain customary escalation clauses, which are included in annual aggregate minimum rentals.

Future aggregate minimum rental payments as of June 30, 2015 under operating and capital leases are as follows (in thousands):

Future minimum rental payments:	Operating	Capital
2016	\$31,348	\$5,233
2017	29,034	5,461
2018	28,845	5,560
2019	27,788	5,660
2020	25,991	5,763
Thereafter	59,079	745,150
	202,085	772,827
Less: Interest on capital leases		(646,368)
Total	\$202,085	\$126,459

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 California Science Center expires in 2111, assuming all options are exercised. Under the terms of both lease agreements the university is required to make significant capital improvements to the property. The present value of the future minimum lease payments as of June 30, 2015 and 2014 is \$69,335,000 and \$67,579,000, respectively.

Note 15.**Functional Expenses:**

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

For the year ended June 30, 2015 functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fund Raising Activities	Year Ended June 30, 2015
Compensation	\$1,515,179	\$282,549	\$30,169	\$1,827,897
Fringe benefits	419,374	89,765	9,985	519,124
Operating expenses	897,519	295,985	13,793	1,207,297
Cost of goods sold	47,382	53,240		100,622
Travel	49,918	10,148	814	60,880
Allocations:				
Depreciation	149,206	48,993	158	198,357
Interest	13,138	53,040		66,178
Plant operations and maintenance	154,388	(154,639)	251	
	<u>\$3,246,104</u>	<u>\$679,081</u>	<u>\$55,170</u>	<u>\$3,980,355</u>

For the year ended June 30, 2014 functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fund Raising Activities	Year Ended June 30, 2014
Compensation	\$1,420,644	\$274,715	\$27,703	\$1,723,062
Fringe benefits	375,529	87,381	9,167	472,077
Operating expenses	758,118	311,438	13,706	1,083,262
Cost of goods sold	43,190	55,729		98,919
Travel	47,126	9,796	866	57,788
Allocations:				
Depreciation	131,494	49,300	159	180,953
Interest	17,982	48,688		66,670
Plant operations and maintenance	147,977	(148,738)	761	
	<u>\$2,942,060</u>	<u>\$688,309</u>	<u>\$52,362</u>	<u>\$3,682,731</u>

Note 16.

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

Note 17.**Related parties:**

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

Note 18.**Subsequent events:**

The university has performed an evaluation of subsequent events through October 14, 2015, which is the date the financial statements were issued.

On July 7, 2015, the university issued \$42,960,000 of CEFA Series 2015 bonds. The proceeds of the bond issue were deposited in a refunding escrow account to pay interest and principal for the CEFA Series 2005 outstanding bonds. The CEFA Series 2005 bonds were redeemed, at par, on October 1, 2015.

On October 14, 2015, a fourth amendment was executed to increase the revolving line of credit to \$300,000,000 and extend the maturity date to November 30, 2020.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Sponsor	CFDA*	Current Year Expenditures
RESEARCH & DEVELOPMENT CLUSTER		
<u>DIRECT AWARDS</u>		
Agency for International Development		
Agency for International Development	98.001	\$ 998,525
Total - Agency for International Development		998,525
Department of Agriculture		
Agricultural Research Service	10.001	1,799,741
National Institute of Food and Agriculture	10.310	295,168
Foreign Agricultural Service	10.614	14,724
Department Of Agriculture	10.RDC	36,723
Total - Department of Agriculture		2,146,356
Department of Commerce		
U.S. Census Bureau	11.001	(656)
Economic Development Administration	11.303	176,855
Economic Development Administration	11.312	18,154
Economic Development Administration	11.313	759,388
National Oceanic and Atmospheric Administration (NOAA)	11.417	1,322,383
National Oceanic and Atmospheric Administration (NOAA)	11.431	16,549
National Oceanic and Atmospheric Administration (NOAA)	11.478	365,617
National Institute of Standards and Technology (NIST)	11.609	126,680
National Institute of Standards and Technology (NIST)	11.619	3,678
Minority Business Development Agency	11.805	434,243
Department Of Commerce	11.RDG	4,281
Total - Department of Commerce		3,227,172
Department of Defense		
Department of the Navy, Office of the Chief of Naval Research	12.300	10,052,498
Office of the Secretary of Defense	12.351	669,874
U.S. Army Medical Command	12.420	3,746,223
U.S. Army Materiel Command	12.431	5,402,806
Office of the Secretary of Defense	12.630	167,971
Department of the Air Force, Materiel Command	12.800	3,311,429
National Security Agency	12.901	41,303
National Security Agency	12.902	(22,100)
Advanced Research Projects Agency	12.910	6,403,434
Department Of Defense	12.RDC	44,821,204
Total - Department of Defense		74,594,642
Department of Education		
Office of Postsecondary Education	84.015	456,993
Office of Postsecondary Education	84.116	313,583
Office of Special Education and Rehabilitative Services	84.133	10,203

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Sponsor	CFDA*	Current Year Expenditures
RESEARCH & DEVELOPMENT CLUSTER		
<u>DIRECT AWARDS (Continued)</u>		
Bilingual Education Professional Development	84.195	2,652
Office of Elementary and Secondary Education	84.206	199,566
Office of Postsecondary Education	84.220	66,224
Institute of Education Sciences	84.305	342,234
Department Of Education	84.RDC	14,897
Total - Department of Education		625,573
Department of Energy		
Department of Energy	81.049	2,966,357
Department of Energy - ARRA	81.049	1,402,694
Department of Energy	81.064	242,429
Department of Energy	81.108	300,612
Department of Energy	81.113	181,900
Department of Energy - ARRA	81.135	(631)
Department of Energy	81.135	182,014
Total - Department of Energy		5,275,375
Department of Health and Human Services		
Administration for Community Living	93.048	464,227
National Institutes of Health	93.077	4,190,494
Health Resources and Services Administration	93.110	10,112
National Institutes of Health	93.113	8,490,379
National Institutes of Health	93.121	9,934,632
Health Resources and Services Administration	93.124	18,176
National Institutes of Health	93.172	3,389,656
National Institutes of Health	93.173	5,261,149
National Institutes of Health	93.213	1,157,057
Agency for Healthcare Research and Quality	93.226	519,349
National Institutes of Health	93.233	267,905
National Institutes of Health	93.242	10,024,222
Substance Abuse and Mental Health Services Administration	93.243	1,867,169
Centers for Disease Control and Prevention	93.262	91,671
National Institutes of Health	93.273	5,483,673
National Institutes of Health	93.279	4,473,130
National Institutes of Health	93.282	5,184
Centers for Disease Control and Prevention	93.283	523,369
National Institutes of Health	93.286	3,678,144
Office of the Secretary	93.297	1,046,594
National Institutes of Health	93.307	755,947
National Institutes of Health	93.310	4,291,364
National Institutes of Health	93.350	9,534,433
National Institutes of Health	93.351	1,473,706
National Institutes of Health	93.389	2,916,285

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Sponsor	CFDA*	Current Year Expenditures
RESEARCH & DEVELOPMENT CLUSTER		
<u>DIRECT AWARDS (Continued)</u>		
National Institutes of Health	93.393	12,123,154
National Institutes of Health	93.394	4,195,563
National Institutes of Health	93.395	2,000,269
National Institutes of Health	93.396	6,265,089
National Institutes of Health	93.397	7,934,871
National Institutes of Health	93.398	957,347
National Institutes of Health	93.399	180,830
Health Resources and Services Administration	93.514	176,000
Centers for Medicare and Medicaid Services	93.610	4,798,400
Administration for Children and Families	93.670	59,547
National Institutes of Health - ARRA	93.701	916,360
National Institutes of Health	93.701	654,653
Administration for Community Living	93.747	172,222
Centers for Medicare and Medicaid Services	93.779	38,549
National Institutes of Health	93.837	3,178,483
National Institutes of Health	93.838	3,888,898
National Institutes of Health	93.839	1,230,217
National Institutes of Health	93.846	3,426,222
National Institutes of Health	93.847	8,169,374
National Institutes of Health	93.853	7,225,564
National Institutes of Health	93.855	5,703,544
National Institutes of Health	93.859	12,404,016
National Institutes of Health	93.865	3,303,346
National Institutes of Health	93.866	22,794,384
National Institutes of Health	93.867	8,264,384
Health Resources and Services Administration	93.884	539,729
Health Resources and Services Administration	93.924	522,830
Centers for Disease Control and Prevention	93.941	192,240
Health Resources and Services Administration	93.964	62,462
National Institutes of Health	93.989	41,052
Department Of Health And Human Services	93.RDC	4,434,871
Total - Department of Health and Human Services		205,722,497
Department of Homeland Security		
Department of Homeland Security	97.061	4,266,346
Department of Homeland Security	97.082	391,144
Department of Homeland Security	97.104	224,376
Department of Homeland Security	97.RDC	666,663
Total - Department of Homeland Security		5,548,529
Department of Justice		
Federal Bureau of Investigation	16.304	172,086
National Institute of Justice	16.560	584,197
Department of Justice	16.RDG	(2,193)
Total - Department of Justice		754,090

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

RESEARCH & DEVELOPMENT CLUSTER	CFDA*	Expenditures
<u>DIRECT AWARDS (Continued)</u>		
Department of State		
Bureau of Near Eastern Affairs	19.021	77,178
Bureau of Near Eastern Affairs	19.221	66,223
Bureau of Educational and Cultural Affairs	19.415	953,688
Total - Department of State		1,097,089
Department of the Interior		
U.S. Geological Survey	15.807	14,872
U.S. Geological Survey	15.808	1,490,958
U.S. Geological Survey	15.810	3,147
Department Of The Interior	15.RDC	265,527
Total - Department of the Interior		1,774,504
Department of Transportation		
Federal Transit Administration (FTA)	20.514	22,675
Office of the Secretary (OST) Administration Secretariate	20.701	405,068
Total - Department of Transportation		427,743
Department of Veterans Affairs		
VA Health Administration Center	64.009	17,510
Department Of Veterans Affairs	64.RDC	108,081
Total - Department of Veterans Affairs		125,591
Environmental Protection Agency		
Office of Water	66.436	169,090
Office of Research and Development (ORD)	66.509	651,901
Total - Environmental Protection Agency		820,991
Institute of Museum and Library Services		
Institute of Museum and Library Services	45.313	222,194
Total - Institute of Museum and Library Services		222,194
Library Of Congress		
Library Of Congress	42.RDC	5,221
Total - Library Of Congress		5,221
National Aeronautics and Space Administration		
National Aeronautics and Space Administration	43.001	2,472,235
National Aeronautics and Space Administration	43.002	9,000
National Aeronautics and Space Administration	43.003	214,323
National Aeronautics and Space Administration	43.008	9,000
National Aeronautics and Space Administration	43.009	29,290
Total - National Aeronautics and Space Administration		2,733,848

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Sponsor	CFDA*	Current Year Expenditures
RESEARCH & DEVELOPMENT CLUSTER		
<u>DIRECT AWARDS (Continued)</u>		
National Archives and Records Administration		
National Archives and Records Administration	89.003	58,667
Total - National Archives and Records Administration		58,667
National Endowment for the Arts		
National Endowment for the Arts	45.024	15,737
Total - National Endowment for the Arts		15,737
National Endowment for the Humanities		
National Endowment for the Humanities	45.149	49,646
National Endowment for the Humanities	45.164	913
National Endowment for the Humanities	45.169	(2,530)
Total - National Endowment for the Humanities		48,029
National Science Foundation		
National Science Foundation	47.041	6,749,930
Geosciences	47.047	203
National Science Foundation	47.049	4,168,439
National Science Foundation	47.050	13,588,424
National Science Foundation	47.070	10,353,919
National Science Foundation	47.074	2,617,245
National Science Foundation	47.075	1,818,014
National Science Foundation	47.076	1,844,157
National Science Foundation	47.078	171,955
National Science Foundation	47.079	6,677
National Science Foundation	47.080	2,538,538
National Science Foundation - ARRA	47.082	5,314
Total - National Science Foundation		43,862,815
Nuclear Regulatory Commission		
Nuclear Regulatory Commission	77.RDG	9,272
Total - Nuclear Regulatory Commission		9,272
Total Research & Development Cluster - Direct Awards		350,875,239

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS</u>			
Agency for International Development			
Institute of International Education	98.001	AID-OAA-A-12-00039	\$ 38,916
University of California Regents	98.001	AID-OAA-A-14-00008	251,425
Yale University	98.837	R01 HL081153	124
Total - Agency for International Development			290,465
Department of Agriculture			
Advanced Brain Monitoring, Incorporated	10.001	N00014-11-C-0278	(766)
Advanced Brain Monitoring, Incorporated	10.001	W81XWH-10-C-0061	29,103
Anthrotronix, Incorporated	10.001	W31P4Q-13-C-0196	113,522
BAE Systems Information and Electronics Systems, Incorporated	10.001	FA8650-12-C-7211	304,628
BAE Systems Information and Electronics Systems, Incorporated	10.001	N00014-12-C-0381	(774)
BBN Technologies	10.001	HR0011-12-C-0014	(4,152)
BBN Technologies	10.001	W911NF-09-D-0006	34,068
California Institute of Technology	10.001	N66001-10-C-4056	(2,899)
Cancer Therapeutics, Incorporated	10.001	HHSn261201000094C	(1,093)
Concurrent Technologies Corporation	10.001	11-C-0619	47,396
Creare, Incorporated	10.001	FA9453-13-M-0186	(116)
Health Effects Institute	10.001	R-82811201	(4,613)
Indiana University	10.001	N66001-12-C-0137	611,444
International Business Machines Corporation	10.001	W911NF-12-C-0012	498,603
Lawrence Berkeley Laboratory	10.001	DE-AC02-05CH11231	433,536
Loma Linda University	10.001	W81XWH-11-2-0151	29,177
Los Angeles Unified School District - ARRA	10.001	U396C100336	(491)
MDA Information Systems, Incorporated	10.001	DI2PC00387	3,495
Muscular Dystrophy Association	10.001	DARPA TTO	(1,303)
Northrop Grumman Corporation	10.001	FA8650-13-C-7312	178,713
Omnitec Solutions Incorporated	10.001	HHSN271200900139U	20,938
Quanterion Solutions Incorporated	10.001	FA8075-12-D-0001	53,692
Raytheon BBN Technologies	10.001	FA8750-13-C-0008	79,178
Raytheon BBN Technologies	10.001	HR0011-08-C-0004	581,641
Raytheon BBN Technologies	10.001	HR0011-12-C-0014	116,245
Raytheon Company	10.001	N65236-12-C-3884	(5,932)
SAIC-Frederick, Incorporated - ARRA	10.001	HHSN261200800001E	213,842
Sanford-Burnham Medical Research Institute	10.001	HHSN261200800001E	70,113
Science Applications International Corporation	10.001	N62645-12-C-4100	6,091
Science Applications International Corporation	10.001	N66001-11-C-4159	271,762
Social and Scientific Systems, Incorporated	10.001	HHSN261200800001E	43,317
Southwest Research Institute	10.001	NNG05EC85C	18,158
Space Telescope Science Institute	10.001	NAS5-26555	26,787
Stevens Institute of Technology	10.001	H98230-08-D-0171	(2,104)
University of Alabama at Birmingham	10.001	HHSN266200400073C	7,960
University of Arizona	10.001	N01-CN-35158	27,796
University of California Davis	10.001	HHSN261201100038C	77,096

*See footnote 2.

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University of Southern California
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RESEARCH & DEVELOPMENT CLUSTER	CFDA*	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
US-Jet Propulsion Laboratory, California Institute of Technology	10.001	NM0711048	121,592
US-Jet Propulsion Laboratory, California Institute of Technology	10.001	NNN12AA01C	25,449
US-Pacific Northwest National Lab	10.001	DE-AC05-76RL01830	269,293
Virginia Tech	10.001	FA86SO-13-C-7319	235,036
Wayne State University	10.001	N00024-13-D-6400	97,217
Total - Department of Agriculture			4,622,645
 Department of Commerce			
Global Science & Technology, Incorporated	11.417	DG-133E-13-SE-1560	30,306
Oregon State University	11.417	NA100AR4170059	43,387
University of California San Diego	11.012	NA11NOS0120029	189,387
University of California San Diego	11.417	NA100AR4170060	(2,709)
University of California San Diego	11.417	NA140AR170075	41,394
Total - Department of Commerce			301,765
 Department Of Defense			
Applied Communication Sciences	12.RDC	W911NF-14-R-0001	179,532
Applied Mathematics, Incorporated	12.RDC	W911NF-14-C-0151	90,262
ATK Space Systems, Incorporated	12.RDC	W9113M-13-C-0006	158,477
BBN Technologies	12.630	W911NF-09-2-0053	483,903
BBN Technologies	12.RDC	HR0011-12-C-0014	1,002,126
BBN Technologies	12.RDC	N66001-11-C-4006	6,145
BBN Technologies	12.RDC	W911NF-09-D-0006	109,001
Boeing Company	12.RDC	FA9453-13-D-0367	83,660
CaridianBCT Biotechnologies, LLC	12.420	W81XWH-09-2-0100	7,624
Carnegie Mellon University	12.431	W911NF-10-1-0533	275,977
Carnegie Mellon University	12.431	W911NF-14-1-0436	166,093
Carnegie Mellon University	12.800	FA8750-12-2-0342	151,355
CA-State of California	12.617	ST1441-15-01	81,765
Chula Vista Elementary School District	12.556	HE1254-13-1-0017	1,390,809
Cornell University	12.300	N00014-13-1-0094	118,551
Cornell University	12.420	W81XWH-10-1-1045	259,111
Cornell University	12.800	FA9550-11-1-0064	(195)
CUBRC, Incorporated	12.RDC	FA8650-10-C-7062	22,736
Dartmouth College/Neukom Institute For Computation	12.300	N00014-08-1-0693	59,084
Denver Research Institute	12.420	W81XWH-10-2-0178	16,656
Design Interactive, Incorporated	12.RDC	W81XWH-13-1-0311	21,638
Fallbrook Union Elementary School District	12.557	HE1254-10-1-0041	524,846
General Technical Services, LLC	12.RDC	GS07T-12-BGD-0012	79,304
General Technical Services, LLC	12.RDC	W15P7T-06-D-E402	99,102
Geneva Foundation	12.420	W81XWH-11-2-0007	1,501
Georgia Institute of Technology	12.300	N00014-13-1-0563	123,970
Georgia Institute of Technology	12.800	W911NF-11-1-0046	109,385

*See footnote 2.

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
HRL Laboratories, LLC	12.RDC	HR0011-06-0052	54,106
Indiana University	12.431	W911NF-10-1-0444	65,326
Inferlink Corporation	12.RDC	W31P4Q-13-C-0198	131,337
International Business Machines Corporation	12.RDC	FA8750-09-C-0172	278,353
International Computer Science Institute	12.RDC	W911NF-12-C-0022	67,916
Itt Exelis	12.RDC	W911QX-12-C-0037	77,951
Kessler Foundation	12.420	W81XWH-14-2-0150	32,088
Language Weaver	12.RDC	HR0011-11-C-0150	108,571
Massachusetts Institute of Technology	12.300	N00014-11-1-0397	12,676
MDA Information Systems, Incorporated	12.910	FA8750-13-C-0016	(608)
NexGen Communications, LLC	12.RDC	FA8750-14-D-0123	64,203
Nextgen Aeronautics	12.RDC	W911QX-13-C-0138	(5,910)
Northern California Institute for Research and Education	12.RDC	W81XWH-13-1-0259	54,969
Northern California Institute for Research and Education	12.RDC	W81XWH-12-2-0012	87,378
Northrop Grumman Corporation	12.RDC	FA8650-13-C-7312	99,037
Northrop Grumman Corporation	12.RDC	FA8750-13-D-0091	22,733
Oklahoma State University	12.300	W9126G-13-2-0047	3,166
Perceptronics Solutions, Incorporated	12.RDC	W91WAW-09-C-0151	996
Physical Optics Corporation	12.RDC	N66001-11-C-5218	352
Premitec, Incorporated	12.RDC	W81XWH-14-C-0027	7,240
Raytheon BBN Technologies	12.RDC	HR0011-08-C-0004	20,851
R-DEX Systems	12.RDC	FA9550-15-C-0024	30,856
Reactions Systems, LLC	12.RDC	FA8650-14-C-2526	39,217
Regents of the University of Michigan	12.420	W81XWH14-1-0172	24,495
Rensselaer Polytechnic Institute	12.300	N00014-09-1-1029	60,464
Research Partnership to Secure Energy for America	12.RDC	DE-AC26-07NT2677	2,076
Science Applications International Corporation	12.RDC	AG-3142-C-10-0029	108
Soar Technology, Incorporated	12.RDC	N00014-10-C-052670	53,717
Soar Technology, Incorporated	12.RDC	N00014-14-C-0307	79,868
Soar Technology, Incorporated	12.RDC	N00025-13-C-0156	26,225
Sri International	12.910	FA8650-10-C-7058	147,223
Sri International	12.RDC	2013-13083000007	77,044
Stanford University	12.800	FA9550-12-1-0215	167,151
State University, New York	12.800	FA8750-13-2-0115	8,025
Stevens Institute of Technology	12.RDC	HQ0034-13-D-0004	263,675
TechWerks	12.RDC	D10PC20006	84,222
Transient Plasma Systems, Incorporated	12.RDC	FA9550-14-C-0018	24,170
Trideum Corporation	12.RDC	W91ZLK-10-C-0007	170
University Corporation For Atmospheric Research	12.300	N00173-12-2-C902	195,434
University of California Berkeley	12.431	W911NF-12-1-0541	120,848
University of California San Diego	12.420	W81XWH-12-2-0012	68,484
University of California San Francisco	12.420	W81XWH-14-2-0176	19,204
University of California San Francisco	12.431	W911NF-14-2-0043	198,454

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University of Southern California
Schedule of Expenditures of Federal Awards
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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
University of California, Los Angeles	12.300	FA9550-10-1-0569	553,300
University of California, Los Angeles	12.300	N00014-1-0051	90,417
University of California, Los Angeles	12.420	W81XWWH-14-1-0602	14,258
University of Dayton Research Institute	12.RDC	FA8650-12-D-2224	48,939
University of Melbourne, Australia	12.420	W81XWH-12-1-0104	8,372
University of Pennsylvania	12.910	FA8750-13-2-0045	181,686
URS Energy and Construction, Incorporated	12.RDC	DE-FE0004000	100,650
US-Jet Propulsion Laboratory, California Institute of Technology	12.RDC	NNN12AA01C	226,262
Weston Geophysical Corporation	12.351	HDTRA1-11-1-0029	60,805
Zeta Associates	12.RDC	10-C-0064	223,541
Total - Department Of Defense			10,004,509
 Department of Education			
Los Angeles Community College District	84.031	P031C110092	119,083
Los Angeles Unified School District - ARRA	84.396	U396C100336	37,831
University of Wisconsin, Milwaukee	84.325	10880794	4,146
US-Smithsonian Institute	84.396	U396B100097	157,640
Total - Department of Education			318,700
 Department of Energy			
Argonne National Laboratory	81.RDC	DE-AC02-06CH11357	72,753
General Motors Corporation	81.086	DE-EE0006826	45,846
Los Angeles City-Department of Water and Power - ARRA	81.122	DE-OE0000192	2,393,476
Media and Process Technology, Incorporated	81.089	DE-FE0013064	83,379
National Council On Radiation Protection and Measure	81.049	DE-SC0008944	47,796
Oregon State University	81.087	DE-EE0006789	5,758
Princeton University	81.049	DE-SC0001198	92,875
Research Partnership to Secure Energy for America	81.RDC	DE-AC26-07NT2677	679,389
Sandia National Laboratories	81.RDC	DE-AC04-94AL85000	154,051
Southern California Edison - ARRA	81.122	DE-OE0000199	(520)
Texas A&M University	81.049	DE-SC0004965	6,572
University of Illinois at Urbana Champaign	81.049	DE-SC0012504	111,768
University of Wisconsin, Madison	81.049	DE-SC0008713	219,167
URS Group, Incorporated	81.RDC	DE-FE0004000	196,837
US-Lawrence Livermore National Laboratory	81.RDC	DE-AC52-07NA27344	59,205
US-Oakridge National Laboratories	81.RDC	DE-AC05-00OR22725	29,884
UT-Battelle, LLC	81.RDC	DE-AC05-00OR22725	111,977
Total - Department of Energy			4,310,213
 Department of Health and Human Services			
Albert Einstein College of Medicine of Yeshiva University	93.855	5R01AI065309	136,037
Albert Einstein College of Medicine of Yeshiva University	93.855	5U01AI035004-21	11,189
American College of Radiology	93.395	U01 CA80098	11,417

*See footnote 2.

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
American Hospital Association	93.RDC	05-EE-0002394	30,752
American Institutes for Research	93.RDC	200-2007-20026 TO13	(35,758)
Applied Integrin Sciences, Incorporated	93.395	1R41CA165626-01A1	71,421
Applied Integrin Sciences, Incorporated	93.395	3R41CA168228-01A1S1	22,096
Arizona State University	93.847	5R01DK093653-04	(6,334)
Arizona State University	93.847	R24DK090958	18,328
Arizona State University	93.867	5R01DK082542-05	20,077
Banner Alzheimer's Institute	93.866	1RF1AG041705-01A1	39,829
Banner Sun Health Research Institute	93.866	5R01AG036400-06	17,202
Baylor College of Medicine	93.273	7R01CA108614-08	14,741
Baylor College of Medicine	93.393	5R01CA139020-06	32,476
Baylor College of Medicine	93.394	5R01CA164024-03	6,029
Baylor College of Medicine	93.395	5R01CA148748-04	17,682
Baylor College of Medicine	93.396	1R01CA175026-01A1	26,691
Beckman Research Institute of the City of Hope	93.393	1R01CA184585-01	4,301
Beckman Research Institute of the City of Hope	93.393	5R01CA077398-14	(358)
Beckman Research Institute of the City of Hope	93.393	5R01CA077398-15	318,280
Beckman Research Institute of the City of Hope	93.393	5R01CA139633-05	4,257
Beckman Research Institute of the City of Hope	93.393	5R01CA166219-02	119,060
Beckman Research Institute of the City of Hope	93.393	5UM1CA164917-02	44,142
Beckman Research Institute of the City of Hope	93.393	5UM1CA164917-03	25,038
Beckman Research Institute of the City of Hope	93.395	1R01CA174683-01A1	5,358
Beckman Research Institute of the City of Hope	93.395	1UM1CA186717-01	100,649
Beckman Research Institute of the City of Hope	93.395	3U01CA062505-19S1	(7,010)
Beckman Research Institute of the City of Hope	93.395	UM1CA186717-02	28,379
BioAIM	93.855	5R41AI106375-02	139,701
Boston Rehabilitation Outcomes Center	93.865	5R24HD065688-04	13,761
Brigham and Women's Hospital	93.286	5U54EB005149-09	(11,676)
Brigham and Women's Hospital	93.837	5U01HL101422-03	14,454
Brigham and Women's Hospital	93.838	1R01HL118455-01A1	46,723
Brigham and Women's Hospital	93.855	2UM1AI068636-08	67,245
Brigham and Women's Hospital	93.855	5UM1AI068636-09	4,113
Brigham and Women's Hospital	93.855	7UM1AI068636-07	(3,486)
Brigham and Women's Hospital	93.859	5P01GM095467-05	246,112
California Department of Public Health	93.283	1U58DP000807-05	1,269,023
California Institute of Technology	93.395	P01CA132681	278,082
California Institute of Technology	93.865	R01HD075605A	162,443
Cancer Prevention Institute of California	93.393	1R01CA170394-01	3,085
Cancer Prevention Institute of California	93.393	7R01CA140636-05	30,522
Cancer Prevention Institute of California	93.393	7R01CA154644-03	34,682
Case Western Reserve University	93.279	5R01DA036171-03	4,082
Cedars-Sinai Medical Center	93.121	3R01DE019902-04S1	6,355
Cedars-Sinai Medical Center	93.837	1R01HL117983-01A1	21,762

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
Cedars-Sinai Medical Center	93.853	1U01NS088312-01	78,507
Children's Hospital Corporation	93.855	5R01AI065617-13	(25,983)
Children's Hospital Corporation	93.855	5R01AI065617-14	73,362
Children's Hospital Corporation	93.855	5R01AI065617-15	25,985
Children's Hospital of Los Angeles	93.103	1P50FD004896	18,456
Children's Hospital of Los Angeles	93.103	5P50FD004896-02	3,602
Children's Hospital of Los Angeles	93.110	T77MC25732-02-01	5,792
Children's Hospital of Los Angeles	93.242	5P50MH096972-02	3
Children's Hospital of Los Angeles	93.242	5P50MH096972-03	25,250
Children's Hospital of Los Angeles	93.395	2P01CA081403-14	(6,570)
Children's Hospital of Los Angeles	93.395	2P01CA081403-15	130,637
Children's Hospital of Los Angeles	93.838	U01HL122681	19,571
Children's Hospital of Los Angeles	93.839	1U01HL117718-01	(85,676)
Children's Hospital of Los Angeles	93.839	1U01HL117718-02	289,860
Children's Hospital of Los Angeles	93.839	5U01HL117718-02	60,140
Children's Hospital of Los Angeles	93.839	5U01HL117718-03	9,236
Children's Hospital of Los Angeles	93.839	U01HL117718	3,951
Children's Hospital of Los Angeles	93.847	5R01DK097115-02	25,406
Children's Hospital of Los Angeles	93.853	1R21NS088965-01	34,294
Children's Hospital of Los Angeles	93.859	R01GN068968	17,385
Children's Hospital of Los Angeles	93.865	7R01HD053893-05	5,569
Children's Hospital of Los Angeles	93.865	R01HD070886	77,054
Children's Hospital of Philadelphia	93.393	5R01CA133881-05	13,219
Children's Hospital of Philadelphia	93.395	1R01CA165277-01A1	24,626
Children's Hospital of Philadelphia	93.395	5R01CA165277-03	75,670
Children's Institute, Incorporated	93.243	U79SM059940	249,413
Children's Institute, Incorporated	93.RDC	MH120846	983
Christopher & Dana Reeve Foundation	93.283	1U59DD000838	7,920
Cincinnati Children's Hospital Medical Center	93.RDC	HHSN275200900018C	18,340
City of Hope Research Institute	93.393	R01CA077398	473,647
Claremont Graduate University	93.837	1U01HL097839-04	2,117
Cleveland Clinic Foundation	93.853	R01NS089212	23,931
Cleveland Clinic Lerner College of Medicine	93.853	5P01NS069432-04	37,931
Colorado State University	93.859	R01GM107520	20,042
Columbia University	93.866	5R21AG044260-02	16,796
Columbia University	93.867	5R01EY021529-04	43,586
Community Health Councils, Incorporated	93.737	1H75DP004354-01	449,511
Community Health Councils, Incorporated	93.RDC	1U58DP004732-01	618,443
Cornell University	93.837	5U34HL115015-02	7,400
Doheny Eye Institute	93.867	2P30EY00304031A1	5,454
Duke University	93.103	1R18FD005292-01	8,986
Duke University	93.847	2U01DK065176-11	2,504
Duke University	93.847	5R01DK098382-02	59,493

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<u>PASS-THROUGH FUNDS (Continued)</u>			
Duke University	93.855	5UMIAI104681-02	17,612
Duke University	93.855	5UMIAI104681-03	19,409
Emerson College	93.173	1R01 DC012774-01A1	10,843
Emerson College	93.173	5R01DC012774-02	76,957
Emory University	93.242	1R01MH100917-01A1	44,390
Emory University	93.279	1U01DA036233-01	(1)
Emory University	93.279	5U01DA036233-02	19,568
Emory University	93.853	2U01NS038455-12	11,817
Emory University	93.853	3U01NS038455-13	111,685
EyeRx Research, Incorporated	93.113	1R41EY022514-01A1	11,238
Florida International University	93.867	7R01EY019951-03	(11,799)
Forsyth Institute	93.121	1R34DE022272-02	(27)
Fred Hutchinson Cancer Research Center	93.394	5R01CA114563-07	3,437
Fred Hutchinson Cancer Research Center	93.394	5R01CA114563-08	33,336
Fred Hutchinson Cancer Research Center	93.394	5R01CA160872-03	14,738
Fred Hutchinson Cancer Research Center	93.855	5U19AI096111-03	23,884
Fred Hutchinson Cancer Research Center	93.855	5U19AI096111-04	126,883
Georgia Health Sciences University	93.855	5U01A1083005-04	5,369
Georgia State University	93.865	5P01HD070837-02	32,003
Glaxo Smith Kline	93.RDC	HHSO100201300011C	2,528
Harvard Medical School	93.173	5R01DC009837-04	51,166
Harvard School of Public Health	93.393	5U19CA148065-04	20,043
Harvard University	93.393	3U19CA148065-04S1	20,652
Haskins Laboratories	93.173	R01 DC008780	(3,133)
Haskins Laboratories	93.865	P01 HD070837	26,837
Haskins Laboratories	93.865	P01HD001994	20,128
Haskins Laboratories	93.865	R01HD065794	30,342
Haskins Laboratories	93.865	R01HD067364	20,128
Health Research, Incorporated	93.839	R01HL102278	6,990
Henry M. Jackson Foundation	93.242	R01MH102151	16,482
Huntington Medical Research Institute	93.853	1R01NS088379-01A1	25,929
Icahn School of Medicine at Mount Sinai	93.837	5U01HL088942-08	18,957
Image Matters, LLC	93.350	HM0210-14-C-0012	24,943
Indiana University	93.273	5R01AA021751-03	84,094
Infinite Biomedical Technologies, LLC	93.865	1R43HD072668-01	6,745
Institute for Community Research	93.279	5R01DA031594-02	13,146
Jackson Laboratory	93.172	5U41HG002273-13	(11,697)
Jackson Laboratory	93.172	5U41HG002273-14	692,371
Johns Hopkins University	93.242	3UMIAI068632-07S1	(12)
Johns Hopkins University	93.242	5R01AG031348-05	17,262
Johns Hopkins University	93.393	5R01CA140311-05	11,025
Johns Hopkins University	93.397	U54CA143868	9,743
Johns Hopkins University	93.855	UMI AI068632	7,802

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<u>PASS-THROUGH FUNDS (Continued)</u>			
Johns Hopkins University	93.865	5U54HD07075-03	4,070
Johns Hopkins University	93.867	2U10EY014660-06	1,997
Johns Hopkins University	93.867	U10EY014660	3,627
Kaiser Permanente Regional Office	93.847	1R01DK100302-01A1	290,041
Kitware, Incorporated	93.853	1R41NS081792-01	40,530
Legacy For Health	93.393	5R01CA155369-03	33,017
Leidos Biomedical Research, Incorporated	93.RDC	HHSN261200800001E	280,437
L-Nutra, Incorporated	93.RDC	HHSN261120120051C	107,287
L-Nutra, Incorporated	93.RDC	HHSN271201400030C	19,504
Lovelace Respiratory Research Institute	93.394	5 R01 CA0975356-10	14,698
Massachusetts General Hospital	93.242	5R01MH058842-05	525
Massachusetts General Hospital	93.242	5U01MH093765-04	3,210
Massachusetts General Hospital	93.242	5U01MH093765-05	65,164
Massachusetts General Hospital	93.286	5R01EB009048-04	(22,430)
Massachusetts General Hospital	93.286	5R01EB009048-07	185,523
Massachusetts General Hospital	93.286	5R01EB013293-04	82,482
Mayo Clinic	93.213	5R01AT006515-04	216,944
Mayo Clinic	93.393	2U01CA089600-10A1	13,099
Mayo Clinic	93.393	5U01CA089600-11	8,105
Mayo Clinic	93.866	1U01AG045390-01A1	99,163
Medical University of South Carolina	93.853	U01NS057748	73,070
Memorial Sloan Kettering	93.393	5R01CA129639-05	110,226
Michigan State University	93.393	5R01CA136861-02	(1,865)
Moffitt Cancer Center	93.393	5R01CA149429-04	10,747
Moffitt Cancer Center	93.393	5U19CA148112-04	14,192
Mt. Sinai School of Medicine	93.837	5U01HL088942-06	(15,263)
National Bureau of Economic Research	93.866	P01AG005842	21,901
National Bureau of Economic Research	93.866	R01AG040629	66,305
Neumedicines, LLC	93.RDC	HHSO100201100037C	6,052
New York University	93.242	5P30MH090322-04	27,709
North Carolina State University	93.286	5R01EB015508-04	112,076
North Carolina State University	93.867	5R21EY022174-02	23,763
Northeastern University	93.837	5R21HL108018-02	(3,362)
Northern California Institute for Research and Education	93.866	5U01AG024904-09	74,726
Northern California Institute for Research and Education	93.866	5U01AG024904-10	414,810
Northwestern University	93.121	5R01DE015920-10	4,044
Northwestern University	93.121	R01DE015920	180,402
Northwestern University	93.242	U01MH097435	141,792
Northwestern University	93.279	7P30DA027828-03	5,147
Northwestern University	93.279	P30DA027828	91,300
Northwestern University	93.395	R01CA128641	53,201
Northwestern University	93.865	5K12HD073945-04	11,016
Northwestern University	93.865	K12HD073945	125,414

*See footnote 2.

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University of Southern California
Schedule of Expenditures of Federal Awards
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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
Oklahoma Medical Research Foundation	93.855	5P01AI083194-05	(1,915)
Oregon Health Science University	93.395	7U10CA032101-35	14,284
Oregon Health Science University	93.859	R01GM032741-31	8,050
Oregon Health Science University	93.867	5 R01 EY013516-07	(8,597)
Oregon Social Learning Center	93.279	1P50DA035763-01	12,052
Oregon Social Learning Center	93.279	5P50DA035763-02	31,402
Oregon State University	93.395	7U010CA032102-35	10,182
Park Nicollet Institute	93.393	1R21CA149934-01A1	15,264
Peking University	93.866	3R01AG037031-03S1	4,237
Pennsylvania State University	93.865	5R01HD072468-04	110,076
Perception Research Systems, Incorporated	93.242	1R34MH01606-01A1	10,593
Perception Research Systems, Incorporated	93.242	1R43MH099771-01	10,624
Population Council	93.865	2U54HD029990	30,568
Population Council	93.865	U54HD029990	21,117
Premitec, Incorporated	93.867	2R42EY018794-02A1	12,468
Premitec, Incorporated	93.867	5R42EY018794-03	147,702
President and Fellows of Harvard College	93.847	5P01DK056246-15	586,436
President and Fellows of Harvard College	93.865	5U01HD052102-09	30,110
President and Fellows of Harvard College	93.865	5U01HD052102-10	603,253
President and Fellows of Harvard College	93.866	R01AG042778	362,827
Princeton University	93.866	5P30AG024928-10	156,038
Proteogenomics Research Institute for Systems Medicine	93.838	1P01HL11965-01A1	9,506
Radiation Therapy Oncology Group	93.395	U10CA021661	69,716
Rand Corporation	93.279	R01DA033280	48,202
Rand Corporation	93.361	R01NR013372	127,206
Rand Corporation	93.865	R01HD067536	325,501
Rand Corporation	93.866	5-U01-AG009740	48,813
Rand Corporation	93.866	P30AG012815	30,192
Rand Corporation	93.866	PO1AG008291	20,721
Rand Corporation	93.866	R01AG035010	55,708
Rand Corporation	93.866	R01AG036784	85,487
Rand Corporation	93.866	R03AG043052	12,015
Regents of the University of Michigan	93.393	1P01CA163233-01A1	(16,390)
Regents of the University of Michigan	93.393	5P01CA163233-02	95,145
Regents of the University of Michigan	93.393	5P01CA163233-03	12,139
Regents of the University of Michigan	93.393	P01CA163233	471,138
Regents of the University of Michigan - ARRA	93.701	5R01CA139014-04	5,451
Regents of the University of Michigan	93.846	R01AR060350	(259)
Regents of the University of Michigan	93.847	5U01DK085584-03	50,951
Regents of the University of Michigan	93.866	5R01AG040787-04	122,545
Regents of the University of Michigan	93.866	5R24AG045061-02	15,965
Regents of the University of Michigan	93.866	5U01AG009740-25	95,758
Regents of the University of Michigan	93.866	U01AG009740	8,429

*See footnote 2.

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
Research Corporation - University of Hawaii	93.172	3U01HG004802-04S1	(30)
Research Corporation - University of Hawaii	93.279	R01 DA021865	(154)
Research Corporation - University of Hawaii	93.393	5 R01 CA126895-05	447,432
Research Corporation - University of Hawaii	93.393	5P01CA138338-05	22,146
Research Triangle Institute	93.865	1 U01 HD051276-01	(55,500)
Rockefeller University	93.310	5U54GM103511-09	5,130
Roswell Park Cancer Institute	93.393	P01CA151135	143,130
Roswell Park Cancer Institute	93.839	R01HL102278	(1,243)
Rutgers, The State University of New Jersey	93.172	1U01HG007419-01	(309)
Rutgers, The State University of New Jersey	93.172	5U01HG007419-02	179,711
Rutgers, The State University of New Jersey	93.172	U01HG007419	16,187
Rutgers, The State University of New Jersey	93.242	2U24MH068457-11	787
Rutgers, The State University of New Jersey	93.242	5U24MH068457-12	710,286
Rutgers, The State University of New Jersey	93.242	U24MH068457	58,259
Salk Institute For Biological Studies	93.173	R01DC011538-04	31,686
San Diego State University Foundation	93.307	5R01MD004025-05	2,405
Sanford-Burnham Medical Research Institute	93.395	P01 CA138390-05	65,991
Scripps Research Institute	93.393	R01 GM103838	6,377
Scripps Research Institute	93.393	U54CA143906	61,764
Scripps Research Institute	93.867	5R01 EY020796-17	15,414
Scripps Research Institute	93.867	5R01 EY020796-18	8,087
Social and Scientific Systems, Incorporated	93.837	1R01HL095132-01	18,900
Southern California Institute for Research and Education	93.273	U01AA021884	92,936
Southwest Oncology Group	93.395	5U10CA058882-20	38,231
Stanford University	93.172	1U54HG006996-01	14,041
Stanford University	93.172	5U54HG006996-03	198,520
Stanford University	93.239	5H79AE000101	19,714
Stanford University	93.393	1UM1CA167551-01A1	49
Stanford University	93.393	5UM1CA167551	152,361
Tel Aviv Sourasky Medical Center	93.286	1R01EB017206-01	290,712
The Board of Trustees of the Leland Stanford Junior University	93.395	1R01CA182514-01A1	5,949
Therapeutic Systems Research Laboratories, Incorporated	93.855	1R43AI100401-01A1	2,164
Therapeutic Systems Research Laboratories, Incorporated	93.855	2R44A1100401-03	125,639
Therapeutic Systems Research Laboratories, Incorporated	93.855	R43AI112185	57,488
Trustees of Columbia University in the City of New York	93.172	5R01HG003008-10	91,626
Tufts Medical Center	93.847	5U01DK098245-03	54
Tufts Medical Center	93.847	U01 DK098245-02	126,073
Tufts Medical Center	93.847	U01DK098245-01	6,699
Tufts University	93.867	R01EY012383-13	110,266
University of Alabama at Birmingham	93.395	R01CA174683	3,242
University of Arizona	93.286	5R01EB018921-02	24,234
University of California Berkeley	93.113	1R01ES020409-01	(79)
University of California Berkeley	93.113	5R01ES009137-15	23,863

*See footnote 2.

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
University of California Davis	93.113	1R21ES021330	(1,250)
University of California Davis	93.113	5R21ES021330-02	109,680
University of California Davis	93.239	5H79AE000100-04	27,820
University of California Regents	93.226	1R1HS021477-01A1	755
University of California San Diego	93.172	5U01HG006894-04	14,551
University of California San Diego	93.242	5R01MH092950	143,081
University of California San Diego	93.273	1U01AA022614-01A1	59,033
University of California San Diego	93.273	5R01MH087054-05	52,406
University of California San Diego	93.279	1R01DA037217-01	12,562
University of California San Diego	93.855	2UM1AI069432-08	315,760
University of California San Diego	93.855	5UM1AI069432-09	418,973
University of California San Diego	93.866	2U19AG010483-22	(5,966)
University of California San Diego	93.866	5U01AG024904-07	8,165
University of California San Diego	93.866	5U01AG024904-09	62,943
University of California San Diego	93.866	5U19AG010483-23	28,981
University of California San Diego	93.867	5R01EY016323-08	43,394
University of California San Diego	93.RDC	H8A-MC-LZAZ	107,827
University of California San Francisco	93.113	1R21 ES024844-01	30,295
University of California San Francisco	93.113	5U01ES017154-05	(93)
University of California San Francisco	93.145	H4AHA00058	684,807
University of California San Francisco	93.242	5R01MH097274-03	75,727
University of California San Francisco	93.242	5R01MH098062-02	30,990
University of California San Francisco	93.242	R01MH089722-05	152,835
University of California San Francisco	93.395	5R01CA172067-03	1,028
University of California San Francisco	93.395	R01CA172067	15,700
University of California San Francisco	93.853	1U01NS086090-01	51,979
University of California San Francisco	93.853	5U01NS086090-02	147,782
University of California San Francisco	93.853	U01NS058634	22,810
University of California San Francisco	93.855	1UM1AI110498-01	731
University of California San Francisco	93.866	5R01AG038791-05	52,971
University of California San Francisco	93.866	5R24AG048024-02	42,949
University of California, Irvine	93.113	ES012243	80,646
University of California, Irvine	93.173	DC003681	42,007
University of California, Irvine	93.286	R01EB010090	67,752
University of California, Irvine	93.837	5R01HL125084-06	146,778
University of California, Irvine	93.855	U54 AI065359	79,055
University of California, Los Angeles	93.121	5R01DE022045-04	140,595
University of California, Los Angeles	93.135	5U48DP001934	64,931
University of California, Los Angeles	93.242	1U01MH106008-01	240,567
University of California, Los Angeles	93.242	5R01MH085953-05	21,088
University of California, Los Angeles	93.242	5R01MH097268-02	104,562
University of California, Los Angeles	93.242	5R01MH101198-02	33,479
University of California, Los Angeles	93.243	1U79TI025410-01	5,406

*See footnote 2.

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
University of California, Los Angeles	93.243	5U79TI025410-02	18,751
University of California, Los Angeles	93.273	R01AA021301	28,473
University of California, Los Angeles	93.279	1R03DA032542-01A1	21,275
University of California, Los Angeles	93.286	9P41EB015922-15	563
University of California, Los Angeles	93.350	W81XWH-12-1-0081	69,476
University of California, Los Angeles	93.389	2 P41 RR013642	(563)
University of California, Los Angeles	93.837	5P50HL105188-04	3,266
University of California, Los Angeles	93.837	5P50HL105188-05	140,906
University of California, Los Angeles	93.837	5R01HL118650-02	7,361
University of California, Los Angeles	93.839	5P01HL073104	472,305
University of California, Los Angeles	93.847	2U01DK082370-06	278,439
University of California, Los Angeles	93.847	5P50DK064539-12	52,749
University of California, Los Angeles	93.847	U01DK082370	39,567
University of California, Los Angeles	93.853	1U54NS081764-01	167,326
University of California, Los Angeles	93.853	5P20NS080181-02	32,000
University of California, Los Angeles	93.853	5P20NS080181-03	162,786
University of California, Los Angeles	93.853	5R01NS074980-05	133,202
University of California, Los Angeles	93.853	U10NS086497	228,362
University of California, Los Angeles	93.865	5R01HD061504-05	48,460
University of Chicago	93.837	R01HL121330	120,209
University of Chicago	93.855	5R01AI103342-02	127,573
University of Chicago	93.855	5R21AI098599	14,513
University of Cincinnati	93.853	5U01NS069763-04	21,373
University of Cincinnati	93.853	5U01NS069763-05	179,610
University of Colorado	93.853	1 R21 NS085514-01A1	24,705
University of Connecticut	93.859	1U01GM111849-01	119,569
University of Florida	93.859	R01GM102227	90,558
University of Hawaii at Honolulu	93.393	1UM1CA164973-01A1	(1,771)
University of Hawaii at Honolulu	93.393	5P01CA138338-03	(1,596)
University of Hawaii at Honolulu	93.393	5P01CA138338-05	150,664
University of Hawaii at Honolulu	93.393	5P01CA168530-02	608,649
University of Hawaii at Honolulu	93.393	5P01CA168530-03	604,334
University of Hawaii at Honolulu	93.393	5UM1CA164973-02	332,241
University of Hawaii at Honolulu	93.393	5UM1CA164973-03	1,723,088
University of Houston	93.279	1R34DA034741-01	22,463
University of Illinois at Chicago	93.867	5R01EY022651-05	70,182
University of Illinois at Chicago	93.867	5U10EY011753-14	(7,851)
University of Illinois at Chicago	93.867	5U10EY011753-16	1,572
University of Kansas Center for Research Incorporated	93.242	5R01MH104603-02	152,716
University of Maryland	93.242	1P50MH103222-01	47,965
University of Maryland	93.242	P50MH103222	7,198
University of Medicine and Dentistry of New Jersey	93.853	5R01NS038384-08	5,854
University of Miami	93.279	5R01DA025694-05	105,131
University of Miami	93.395	4R01CA141077-04	33,139

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RESEARCH & DEVELOPMENT CLUSTER	CFDA*	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
University of Minnesota	93.393	P01CA138338	191,332
University of Minnesota	93.393	R01CA127236	26,431
University of Minnesota	93.393	R01CA151284	25,184
University of Minnesota	93.394	5R21CA155524-02	8,018
University of Minnesota	93.838	5P01HL091775-05	(4,773)
University of Mississippi Medical Center	93.395	5U10CA027469-33	3,030
University of Nebraska Medical Center	93.866	5R01AG037120-02	10,549
University of Nebraska Medical Center	93.866	5R01AG037120-03	480
University of North Carolina, Chapel Hill	93.393	2R01CA098286-11	36,861
University of North Carolina, Chapel Hill	93.393	5R01CA059005-18	955
University of North Carolina, Chapel Hill	93.393	5R01CA098286-10	(6,310)
University of North Carolina, Chapel Hill	93.393	5R01CA098286-12	102,860
University of North Carolina, Chapel Hill	93.847	1R01DK101855-01	151,582
University of North Carolina, Chapel Hill	93.847	5U01DK092239-04	9,594
University of North Carolina, Chapel Hill	93.865	5R01HD067721-04	2,237
University of North Carolina, Chapel Hill	93.865	5U10HD077844-02	19,154
University of Oklahoma Health Sciences Center	93.855	R56AI078993	25,337
University of Pennsylvania	93.121	5R01DE019932-06	49,677
University of Pennsylvania	93.867	1R01EY023557-01	103,149
University of Pittsburgh	93.866	5R01AG034852-05	37,311
University of Pittsburgh	93.866	7R01AG035114-06	22,450
University of Rochester Medical Center	93.242	R01MH091452	50,997
University of Texas	93.242	1R01MH085667-02	77,977
University of Texas	93.837	3U01HL077863-06S2	(2,816)
University of Texas	93.837	5 U01 HL077863-11	26,026
University of Texas	93.855	1R21AI094692	135
University of Texas	93.865	5K12HD055929-08	293,929
University of Texas	93.865	K12HD055929	117,971
University of Texas Health Science Center at Houston	93.837	5 U01 HL077863-10	97,781
University of Utah	93.279	5R34DA034860-03	36,968
University of Utah	93.859	1U02GM104604-01	(186,642)
University of Utah	93.859	5U01GM104604-03	218,136
University of Utah	93.859	5U02GM104604-02	238,547
University of Washington	93.273	5R01AA018673	72,338
University of Washington	93.866	2U01AG016976-16	24,549
University of Washington	93.866	5U01AG016976-15	23,387
University of Wisconsin, Madison	93.242	R01 MH081884	(13,694)
University of Wisconsin, Madison	93.242	R01MH081884	83,534
University of Wisconsin, Milwaukee	93.393	5R01CA136861-06	1,020,393
US BioTest	93.RDC	HHSO1002011100003C	524,175
US-National Institutes of Health	93.242	1U01MH097435-01A1	(411)
US-National Institutes of Health	93.866	5U01AG041140-03	21,905

*See footnote 2.

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
Van Andel Research Institute	93.393	5R01CA082422-17	32,429
Vanderbilt University	93.847	1K08HL121671-01	895
Vanderbilt University Medical Center	93.172	5R21HG006037-02	19,974
Ventria Bioscience	93.847	1R43DK098013-01	16,435
Virtually Better, Incorporated	93.242	1R43MH104102-01	22,610
Visdex Corporation	93.867	2R42EY021054-02A1	73,046
Wake Forest University	93.847	R01DK085175	71,945
Washington University	93.394	5R01CA157277-05	36,735
Westat, Incorporated	93.RDC	HHSN261201300016C	23,679
Westat, Incorporated	93.RDC	HHSN275201300003C	1,504,161
Yale University	93.242	5R01MH100028-02	(5,734)
Yale University	93.242	5R01MH100028-03	475,505
Yale University	93.853	5U01NS044876-10	4,505
Total - Department of Health and Human Services			<u>33,997,316</u>
Department of Homeland Security			
Carnegie Mellon University	97.061	2009-ST-CCI002-05	8,388
Carnegie Mellon University	97.061	2009-ST-CCI002-06	139,736
Rutgers, The State University of New Jersey	97.061	2009-ST-0061-CCI002	100,778
Wake Forest University	97.034	N66001-14--C-4016	528,893
Total - Department of Homeland Security			<u>777,795</u>
Department of Housing and Urban Development			
Los Angeles City-Community Development	14.523	C-122081	68,877
Total - Department of Housing and Urban Development			<u>68,877</u>
Department of the Interior			
Inferlink Corporation	15.RDC	D12PC00432	44,424
Sri International	15.RDC	2013-13083000007	49,995
Sri International	15.RDC	D11PC20066	90,605
Sri International	15.RDC	D11PC20067	364,881
Sri International	15.RDC	HM0210-14-C-0014	98,471
Total - Department of the Interior			<u>648,376</u>
Department of Transportation			
Michigan State University	20.200	DTFH61-13-H-00009	108,417
Transportation Research Board	20.200	DTFH61-08-H-00035	14,546
University of California Regents	20.701	DTRT13-G-UTC29	185,321
Total - Department of Transportation			<u>308,284</u>
Environmental Protection Agency			
Health Effects Institute	66.500	R-82811201	101,752
Total - Environmental Protection Agency			<u>101,752</u>

*See footnote 2.

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RESEARCH & DEVELOPMENT CLUSTER	CFDA *	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
National Aeronautics And Space Administration			
City College of New York	43.001	NNX11AP26A	27,136
EpiSys Science, Incorporated	43.RDC	NNX14CS54P	49,679
Liquidmetal Technologies	43.RDC	NNX14CP29P	33,412
University of California San Diego	43.001	NNX10AT93H	994
University of Colorado	43.002	NAS5-02140	389,916
US-Jet Propulsion Laboratory, California Institute of Technology	43.001	NNN12AA01C	48,887
US-Jet Propulsion Laboratory, California Institute of Technology	43.RDC	NM0711048	20,822
US-Jet Propulsion Laboratory, California Institute of Technology	43.RDC	NM0716144	3,743
US-Jet Propulsion Laboratory, California Institute of Technology	43.RDC	NNN12AA01C	72,615
US-National Aeronautics and Space Administration	43.RDC	NNN12AA01C	735
Total - National Aeronautics And Space Administration			647,939
National Science Foundation			
Asia-Pacific Network	47.050	ICER-1348085	30,347
Association of American Universities	47.076	DUE-1432766	57,958
Bandwidth10, Incorporated	47.041	EEC-1347563	60,143
California Institute of Technology	47.074	1240626	87,454
Clemson University	47.070	ACI-1341935	202,461
Consortium for Ocean Leadership, Incorporated	47.050	OCE-0652315	114,562
Corporation for Education Network Initiatives in California	47.070	OCI-0962931	33,964
Dartmouth College	47.050	GEO-1010280	35,093
Drexel University - ARRA	47.082	CNS-0960061	2,491
Hauptman-Woodward Institute	47.074	1231306	8,591
Huntington Library	47.075	SES-0957382	(2,042)
Indiana University	47.080	OCI-0910812	13,341
Massachusetts Institute of Technology	47.075	BCS-1134780	2,910
New York University	47.075	BCS-1053128	(1,188)
Pennsylvania State University	47.070	IIS-1344272	139,720
Purdue University	47.049	CHE-1037992	284
Reach Bionics, Incorporated	47.041	IIP-1330971	49,810
Regents of the University of Michigan	47.070	CCF-1111061	48,808
Syracuse University	47.070	ACI-1443047	61,626
Trustees of Columbia University in the City of New York	47.050	OCE14-50528	13,230
University of Arizona	47.041	EEC-0812072	225,281
University of California Riverside	47.050	1135455	100,424
University of California Santa Barbara	47.076	DRL-1417601	22,996
University of Illinois at Urbana Champaign	47.041	CMMI-0969600	8,820
University of Illinois at Urbana Champaign	47.041	CMMI-1029846	100,897
University of Illinois at Urbana Champaign	47.070	OCI-0725070	20,491
University of Illinois at Urbana Champaign	47.070	OCI-1053575	143,342
University of Illinois at Urbana Champaign	47.RDC	H98230-14-C-0141	100,826
University of Maryland	47.070	IIS-1449578	47,661
University of New Hampshire	47.041	CMMI-1135026	170,291

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

RESEARCH & DEVELOPMENT CLUSTER	CFDA*	Pass-Through Entity Identifying Number	Current Year Expenditures
<u>PASS-THROUGH FUNDS (Continued)</u>			
University of Wisconsin, Madison	47.041	EFRI-1136903	110,532
University of Wisconsin, Madison	47.049	PHY-1148698	190,362
Utah State University	47.050	AGS-1329544	27,992
Virginia Tech	47.050	EAR-1240385	4,505
Washington University	47.050	OCE1061476	18,068
Total - National Science Foundation			<u>2,252,051</u>
Nuclear Regulatory Commission			
University of California Berkeley	77.006	NRC-04-08-144	49,679
Total - Nuclear Regulatory Commission			<u>49,679</u>
Social Security Administration			
Regents of the University of Michigan	96.007	RRC08098401	141,089
Total - Social Security Administration			<u>141,089</u>
Total Research & Development Cluster - Pass-Through Funds			<u>58,841,455</u>
Total Research and Development Cluster			<u>409,716,694</u>

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Sponsor	CFDA*	Current Year Expenditures
STUDENT FINANCIAL AID CLUSTER		
Department of Education		
Office of Federal Student Aid		
Federal Direct Student Loans	84.268	\$561,916,964
Federal Pell Grant Program	84.063	19,928,738
Federal Work-Study Program	84.033	4,025,777
Federal Supplemental Educational Opportunity Grants	84.007	3,035,554
Total - Department of Education		588,907,033
 Total - Student Financial Aid Cluster		 588,907,033

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Sponsor	CFDA *	Current Year Expenditures
OTHER PROGRAMS		
ECONOMIC DEVELOPMENT CLUSTER		
DIRECT FUNDS		
Department of Commerce		
Economic Adjustment Assistance	11.307	\$ 72,742
Total - Department of Commerce		72,742
PASS-THROUGH FUNDS		
Department of Commerce		
Economic Adjustment Assistance	11.307	(7,484)
Total - Department of Commerce		(7,484)
TRIO CLUSTER		
DIRECT FUNDS		
Department of Education		
TRIO Talent Search	84.044	776,668
TRIO Upward Bound	84.047	1,887,557
TRIO McNair Post-Baccalaureate Achievement	84.217	69,131
Total - Department of Education		2,733,356
HEALTH CENTERS CLUSTER		
PASS-THROUGH FUNDS		
Department of Health and Human Services		
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	309,024
Total - Department of Health and Human Services		309,024
OTHER PROGRAMS		
DIRECT FUNDS		
Department of Health and Human Services		
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	840,167
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	290,805
Head Start	93.600	5,239,186
Total - Department of Health and Human Services		6,370,158

*See footnote 2.

The accompanying notes are an integral part of this Schedule.

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Sponsor	CFDA*	Current Year Expenditures
OTHER PROGRAMS-(Continued)		
PASS-THROUGH FUNDS		
Corporation for National and Community Service		
AmeriCorps - ARRA	94.006	779
AmeriCorps	94.006	88,672
Total - Corporation for National and Community Service		89,451
Department of Education		
State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants-ARRA	84.395	6,883
Teacher Incentive Fund	84.374	358,967
Total - Department of Education		365,850
Department of Health and Human Services		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	446,706
Foster Care Title IV-E	93.658	1,305,200
HIV Emergency Relief Project Grants	93.914	(14,625)
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	1,002
Total - Department of Health and Human Services		1,738,283
Department of Justice		
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To		
Units Of Local Government - ARRA	16.804	(1,560)
Total - Department of Justice		(1,560)
TOTAL OTHER PROGRAMS DIRECT AND PASS-THROUGH FUNDS		11,669,820
TOTAL FEDERAL PROGRAMS		\$ 1,010,293,547

University of Southern California

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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

Amounts reflected as negative balances represent adjustments to prior periods.

2. 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 and partial pass-through awards have been presented by pass-through entity and federal identification number or sponsor's award number, when available. When federal identification numbers are not available, federal awards are presented by federal agency number and either "RDA" (Cooperative Agreement), "RDG" (Grant), "RDC" (Contract), or "RDS" (Subcontract) is utilized for the federal identification number. When the federal agency number is not available, "99" is used. Pass-through entity numbers or sponsor's award numbers that are not available are identified as unknown.

3. Facilities and Administration Rates

The predetermined Facilities & Administration fixed rates for the year ended June 30, 2015 were based on fiscal year 2009 financial information and were reviewed by the Department of Health and Human Services for compliance with applicable cost principles (OMB Circular A-21).

For the year ended June 30, 2015, the base Facilities and Administration (Indirect Cost) Rate for on-campus research was 64.5% of Modified Total Direct Cost ("MTDC"). Off-campus Facilities and Administration Rates were 26% for the Information Sciences Institute ("ISI"), Institute for Creative Technologies ("ICT") and all other off-campus projects.

4. Loan Advances

The following schedule represents loans advanced by the university for the year ended June 30, 2015:

	Loan Advances	Loans Outstanding
Federal Perkins Loans	\$ 6,572,248	\$ 50,741,398
Health Professional Student Loans	2,584,200	14,515,057
Loans for Disadvantaged Students	195,000	1,721,762

University of Southern California

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

5. Administrative Cost Allowance Received Under Loan Program

During fiscal year 2014-2015, the university claimed \$0 administrative cost allowance from the Federal Supplemental Education Opportunity Grant Program, \$0 from the Federal Work Study Program, and \$525,000 from the Federal Perkins Loan Program.

6. 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 the funds to participating institutions for disbursement. Federal Temporary Assistance for the Needed Families (TANF) funds (CFDA Number 93.558) from the United States Department of Health and Human Services may comprise up to approximately 20.6% of the total funding for these Cal Grant awards. In fiscal year 2015, the University received Cal Grant A and B funds in the amount of \$22,587,382; however, CSAC is unable to determine the exact amount of TANF funds, if any, represented in those awards. As such, the Schedule of Expenditures of Federal Awards does not include State Cal Grant A and B awards.

7. Subrecipient Pass-Throughs

Of the federal expenditures presented in the Schedule, the University provided federal awards to subrecipients from the university's research and development cluster as follows:

Program Title	CFDA	Amount Provided to Subrecipients
Research and Development--Pass-Throughs		
Administration for Children and Families		
Administration for Children and Families	93.600	\$ 75,779
Administration for Community Living		
Administration for Community Living	93.048	49,836
American Hospital Association		
Department of Health and Human Services	93.RDC	20,000
Asia-Pacific Network		
National Science Foundation	47.050	23,815
Children's Hospital of Philadelphia		
National Institutes of Health	93.395	24,772
Chula Vista Elementary School District		
Department of Defense	12.556	543,377
Concurrent Technologies Corporation		
Agricultural Research Service	10.001	41,396
Dartmouth College		
National Science Foundation	47.050	34,340
Duke University		
National Institutes of Health	93.847	200
Fallbrook Union Elementary School District		
Department of Defense	12.557	4,558

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

7. Subrecipient Pass-Throughs (Continued)

Program Title		Amount Provided
Research and Development--Pass-Throughs	CFDA	to Subrecipients
US-Air Force Office of Scientific Research		
Department of the Air Force, Materiel Command	12.800	1,351,867
US-Air Force Research Laboratory		
Advanced Research Projects Agency	12.910	116,523
Department of Defense	12.RDC	56,049
US-Army CERL		
Office of the Secretary of Defense	12.630	10,293
US-Army Corps of Engineers		
Department of Defense	12.RDC	37,267
US-Army Medical Research Acquisition Activity		
U.S. Army Medical Command	12.420	32,909
US-Army Rdecom Acquisition Center		
Department of Defense	12.RDC	67,080
U.S. Army Materiel Command	12.431	660,718
US-Army-Army Research Office		
Advanced Research Projects Agency	12.910	67,108
Department of Defense	12.RDC	2,785,759
US-Center for Disease Control		
Centers for Disease Control and Prevention	93.941	170,506
US-Centers For Medicare and Medicaid Services		
Centers for Medicare and Medicaid Services	93.610	551,476
US-Defense Advanced Research Projects Agency		
Advanced Research Projects Agency	12.910	419,196
Department of Defense	12.RDC	879,710
U.S. Army Materiel Command	12.431	8,368
US-Defense Threat Reduction Agency		
Office of the Secretary of Defense	12.351	259,529
US-Department of Commerce		
Minority Business Development Agency	11.805	110,125
US-Department of Defense		
U.S. Army Medical Command	12.420	70,038

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

7. Subrecipient Pass-Throughs (Continued)

Program Title Research and Development --Pass-Throughs	CFDA	Amount Provided to Subrecipients
US-Department of Education		
Institute of Education Sciences	84.305	149,309
Office of Postsecondary Education	84.015	241,784
	84.116	146,000
US-Department of Energy		
Department of Energy	81.049	272,364
Department of Energy	81.108	122,115
Department of Energy -ARRA	81.049	161,860
US-Department of Health and Human Services		
Administration for Children and Families	93.600	33,840
Office of the Secretary	93.297	273,982
US-Department of Homeland Security		
Department of Defense	12.RDC	265,186
Department of Homeland Security	97.061	1,051,255
Department of Homeland Security	97.RDC	220,927
Department of the Navy , Office of the Chief of Naval Research	12.300	784,840
US-Department of Interior		
Department of Defense	12.RDC	139,817
US-Department of State		
Bureau of Educational and Cultural Affairs	19.415	158,749
US-Department of Transportation		
Federal Transit Administration (FTA)	20.514	22,675
US-Environmental Protection Agency		
Office of Research and Development (ORD)	66.509	104,059
Office of Water	66.436	111,355
US-Federal Emergency Management Agency		
Department Of Homeland Security	97.RDC	45,000
US-Geological Survey		
U.S. Geological Survey	15.808	857,614
US-Health Resources and Services Administration		
Health Resources and Services Administration	93.110	(3,181)
Health Resources and Services Administration	93.884	428,923
US-Institute For Museum and Library Services		
Institute of Museum and Library Services	45.313	71,523

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

7. Subrecipient Pass-Throughs (Continued)

Program Title Research and Development--Pass-Throughs	CFDA	Amount Provided to Subrecipients
US-Intelligence Advanced Research Projects Activity Department of Defense	12.RDC	1,350,021
US-Jet Propulsion Laboratory, California Institute of Technology Department of Defense	12.RDC	10,377
US-Missile Defense Agency Department of Defense	12.RDC	61,081
US-National Aeronautics and Space Administration Agricultural Research Service	10.001	252,574
National Aeronautics and Space Administration	43.001	646,256
US-National Cancer Institute Department Of Health And Human Services	93.RDC	143,279
National Institutes of Health	93.393	1,652,763
National Institutes of Health	93.394	672,782
National Institutes of Health	93.396	250,204
National Institutes of Health	93.397	1,311,811
National Institutes of Health	93.399	14,377
US-National Center for Advancing Translational Sciences National Institutes of Health	93.350	65,866
US-National Endowment for the Humanities National Endowment for the Humanities	45.149	25,523
US-National Eye Institute National Institutes of Health	93.867	2,397,148
US-National Heart, Lung, and Blood Institute National Institutes of Health	93.837	552,486
National Institutes of Health	93.838	201,017
National Institutes of Health	93.839	253,186
National Institutes of Health	93.853	129,230
US-National Human Genome Research Institute National Institutes of Health	93.172	507,042
US-National Institute of Alcohol Abuse and Alcoholism National Institutes of Health	93.273	707,342
US-National Institute of Allergy and Infectious Diseases National Institutes of Health	93.855	458,300

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

7. Subrecipient Pass-Throughs (Continued)

Program Title Research and Development--Pass-Throughs	CFDA	Amount Provided to Subrecipients
US-National Institute of Arthritis and Musculoskeletal and Skin Diseases		
National Institutes of Health	93.846	31,059
US-National Institute of Biomedical Imaging and Bioengineering		
National Institutes of Health	93.286	382,258
National Institutes of Health	93.396	731,985
National Institutes of Health	93.859	47,602
US-National Institute of Child Health and Human Development		
National Institutes of Health	93.865	140,657
US-National Institute of Dental and Cranofacial Research		
National Institutes of Health	93.121	496,741
US-National Institute of Diabetes and Digestive and Kidney Diseases		
National Institutes of Health	93.847	387,284
US-National Institute of Drug Abuse		
National Institutes of Health	93.279	268,360
US-National Institute of Environmental Health Sciences		
National Institutes of Health	93.113	728,604
US-National Institute of Food and Agriculture		
National Institute of Food and Agriculture	10.310	6,151
US-National Institute of General Medical Sciences		
National Institutes of Health	93.389	203,612
National Institutes of Health	93.859	857,168
US-National Institute of Justice		
National Institute of Justice	16.560	50,000
US-National Institute of Mental Health		
National Institutes of Health	93.242	698,205
US-National Institute of Neurological Disorders and Stroke		
National Institutes of Health	93.853	687,290
US-National Institute on Aging		
National Institutes of Health	93.310	168,947
National Institutes of Health	93.866	4,476,401
National Institutes of Health-ARRA	93.701	716,827

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

7. Subrecipient Pass-Throughs (Continued)

Program Title Research and Development--Pass-Throughs	CFDA	Amount Provided to Subrecipients
US-National Institute on Deafness and other Communicative Disorders		
National Institutes of Health	93.173	1,071,253
US-National Institute on Minority Health and Health Disparities		
National Institutes of Health	93.307	173,761
US-National Institutes of Health		
National Institutes of Health	93.113	27,298
National Institutes of Health	93.121	30,669
National Institutes of Health	93.847	240,441
National Institutes of Health	93.866	11,710
US-National Oceanic and Atmospheric Administration		
National Oceanic and Atmospheric Administration (NOAA)	11.417	160,864
US-National Reconnaissance Office		
Agricultural Research Service	10.001	39,929
US-National Science Foundation		
National Science Foundation	47.041	971,268
National Science Foundation	47.050	5,219,472
National Science Foundation	47.070	183,681
National Science Foundation	47.075	9,596
National Science Foundation	47.076	59,461
National Science Foundation	47.080	552,824
National Science Foundation-ARRA	47.082	(3,404)
US-Office of Naval Research		
Department of the Navy, Office of the Chief of Naval Research	12.300	1,257,105
U.S. Army Materiel Command	12.431	717,275
US-Office of the Director, NIH		
National Institutes of Health	93.389	9,693
US-Space and Naval Warfare Systems Command		
Advanced Research Projects Agency	12.910	536,478
Department of Defense	12.RDC	784,056
US-Substance Abuse and Mental Health Services Administration		
Substance Abuse and Mental Health Services Administration	93.243	564,807
US-USA Medical Research and Materiel Command Broad Agency		
U.S. Army Medical Command	12.420	33,548
Westat, Incorporated		
Department Of Health And Human Services	93.RDC	46,859
Grand Total		\$ 51,625,082

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

8. Regulatory Updates

During fiscal year 2013, the university identified certain inadvertent overpayments related to the administration of the student financial aid program that affected six graduate degree programs. The university notified the Department of Education ("DOE") and has been working with the DOE to determine the appropriate resolution. In its voluntary disclosure to DOE, dated October 4, 2013, the university estimated the government's loss at \$1 million. The matter remains open with the DOE and final resolution has not been determined as of the release of this report.



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

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, which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University of Southern California's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University of Southern California's internal control. Accordingly, we do not express an opinion on the effectiveness of the University of Southern California'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2015-001 that we consider to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University of Southern California's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

University of Southern California's Response to Findings

The University of Southern California's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The University of Southern California's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

PricewaterhouseCoopers LLP

October 14, 2015



**Independent Auditor's Report 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 OMB Circular A-133**

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's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University of Southern California's major federal programs for the year ended June 30, 2015. The University of Southern California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University of Southern California'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of Southern California'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 of Southern California's compliance.

Opinion on Each Major Federal Program

In our opinion, the University of Southern California 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and responses as item 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

The University of Southern California's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and responses. The University of Southern California's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University of Southern California 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 of Southern California'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 OMB Circular A-133, 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 of Southern California'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

 PricewaterhouseCoopers LLP

February 4, 2016

University of Southern California
Independent Auditors' Schedule of Findings and Responses
For the Year Ended June 30, 2015

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 Section 510(a) of OMB Circular A-133?

☒ yes ☐ no

Identification of major programs:

CFDA Number(s)

Various

Various

93.153

Name of Federal Program or Cluster

Research and Development Cluster

Student Financial Aid Cluster

Coordinated Services and Access to Research for Women, Infants, Children, and Youth

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

\$ 3,058,935

Auditee qualified as low-risk auditee?

☒ yes ☐ no

University of Southern California

Independent Auditors' Schedule of Findings and Responses

For the Year Ended June 30, 2015

Section II – Financial Statement Findings

Finding 2015-001: Lack of Segregation of Duties related to the Creation/Posting of Journal Entries

Condition

In the fiscal year 2015 audit a deficiency in internal control over financial reporting was identified and considered to be a significant deficiency relating to lack of segregation of duties related to the creation/posting of journal entries at the Keck Medical Center of USC (“Hospitals”).

Criteria

The University is expected to maintain sufficient controls for purposes of mitigating material misstatements within the University’s financial statements based on criteria established by COSO (*Committee of Sponsoring Organizations of the Treadway Commission*) internal control framework.

Cause

Create and post access was not restricted within the Hospital’s general ledger system and as a result appropriate journal entry review was not performed as the review was performed by individuals with create and post access.

Effect

The lack of segregation of duties enhances the possibility that errors and irregularities may occur and not be detected in a timely manner.

Recommendation

We recommend the University enhance the control process over the creation/posting of journal entries by adding segregation of duties controls.

Management’s Views and Corrective Action Plan

Management’s response is reported in “Management’s Views and Corrective Action Plan” and is considered part of this report.

University of Southern California

Schedule of Findings and Responses

For the Year Ended June 30, 2015

Section III – Federal Award Findings and Responses

Finding 2015-002: Calculation of the Amount of Title IV Assistance Earned by the Student

- Federal Awarding Agency: Department of Education
- Program names and specific award name: Federal Direct Student Loans
- CFDA #: 84.268
- Award #: P268K151192
- Award Years: Academic Years 2014 - 2015

Condition

We selected a sample of 23 students for testing from a total population of 146 students who received Title IV assistance and subsequently withdrew enrollment from the University during the same term.

Of the students tested, the University did not return the correct amount of unearned Title IV assistance on behalf of two students formerly enrolled in one of the University's programs.

Citation

34 CFR section 668.22(e)

Questioned Cost

\$13,209

Criteria

Per 34 CFR section 668.22, the unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew. In fiscal year 2015, the University of Southern California's (USC) Financial Aid Department incorrectly calculated return of Title IV amounts affecting two students as a result of the following:

- Calculation of assistance earned based on a session termination date that was subsequently changed by the Registrar's Office

Cause

The miscalculations were inadvertent and largely the result of inadequate communication among the relevant USC departments. Specifically:

- The Financial Aid office was not involved in input of session end dates at the Registrar's Office.
- There were no controls in place to ensure the timely communication of changes to any session parameters between the Registrar's Office and Financial Aid office.

Effect

Return of Title IV funds were not calculated as required by federal guidelines. Certain return of Title IV calculations were calculated using a session end date that was incorrectly represented within the registrar's system and then subsequently corrected. For both students, USC subsequently returned the amounts owed to the Department of Education using institutional funds and held the students harmless for the miscalculation.

Recommendation

We recommend that management enhance controls to ensure that any changes to session dates by the Registrar's Office after classes have begun are communicated to the Financial Aid Office in a timely manner.

University of Southern California
Schedule of Findings and Responses
For the Year Ended June 30, 2015

Management's Views and Corrective Action Plan

Management's response is reported in "Management's Views and Corrective Action Plan" and is considered part of this report.

University of Southern California
Management's Views and Corrective Action Plan
For the Year Ended June 30, 2015



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Management response to finding 2015-001

In response to finding 2015-001: Lack of Segregation of Duties related to the Creation/Posting of Journal Entries, the University has implemented controls surrounding segregation of duties over journal entries effective September 2015. The ability to create journal entries has been restricted to the "Accountant" security role. The ability to remove hold codes in the general ledger system which allows posting access has been restricted to the "Finance Manager" security role. Currently, only the Hospital Controller and the Hospital Associate Chief Financial Officer have been assigned the "Finance Manager" security role. This control is designed to prevent the employee who is responsible for preparing/initiating a journal entry from approving and recording the journal entry.

Contact Person: Robert Allen, Chief Financial Officer, Hospitals, (323) 442-9744

Management response to finding 2015-002

As described above in finding 2015-002: Calculation of the Amount of Title IV Assistance Earned by the Student, the University returned amounts owed to the Department of Education and held the two students affected by the inaccurate session end dates harmless for the miscalculation of Return of Title IV. The Financial Aid Office ("FAO") has taken the following steps effective May 2015 in response to the finding:

1. The FAO is continuing to strengthen its partnership with the Registrar's Office and improve communications across departments. The FAO worked with the Registrar's Office to develop a training module entitled "Financial Aid Eligibility Consideration in Course Scheduling." This training is required for all session schedulers and is part of a concerted effort to inform departments of the importance of reporting accurate session dates. The goal is to reduce the number of administrative changes that need to be made after classes have begun that could ultimately affect Return of Title IV.
2. In addition, the FAO created a query report that monitors changes to the session table after the first day of class. Any changes, as well as the number of financial aid recipients potentially affected, are emailed to Jose Hernandez, Mayra Ayala, and Megan Chan on the next business day. The FAO reviews the reports to ensure that the changes to session dates do not impact Return of Title IV or program eligibility.

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

University of Southern California
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2015

There are no findings from the prior years that require an update in this report.