

University of Southern California

**Report on Audit of the Consolidated Financial Statements and on
Federal Awards Programs in Accordance with the Uniform
Guidance**

For the Year Ended June 30, 2022

Location

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University of Southern California

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Report of Independent Auditors

To the Board of Trustees of the University of Southern California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the University of Southern California and its subsidiaries (collectively the “University”), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Supplemental 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, 2022 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In



our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2022. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Los Angeles, California
December 21, 2022

Consolidated Balance Sheets

in thousands

	June 30, 2022	June 30, 2021
Assets		
1 Cash and cash equivalents	\$421,238	\$1,075,383
2 Accounts receivable, net	856,510	568,534
3 Notes receivable, net	36,830	46,949
4 Pledges receivable, net	392,119	377,926
5 Investments	8,809,315	9,486,609
6 Inventories, prepaid expenses and other assets	413,872	367,433
7 Right-of-use assets - operating leases	193,578	230,117
8 Property, plant and equipment, net	4,447,548	4,450,875
9 Total Assets	\$15,571,010	\$16,603,826
Liabilities		
10 Accounts payable	\$303,814	\$256,613
11 Accrued liabilities	1,214,238	1,823,519
12 Refundable advances	41,736	39,135
13 Deposits and deferred revenue	380,237	227,519
14 Actuarial liability for annuities payable	85,702	99,712
15 Federal student loan funds	35,490	45,410
16 Asset retirement obligations	152,543	145,883
17 Operating lease obligations	202,866	239,100
18 Finance lease obligations	86,758	82,609
19 Bonds and notes payable	2,441,616	2,441,248
20 Other liabilities	86,255	19,468
21 Total Liabilities	5,031,255	5,420,216
Net Assets		
22 Without donor restrictions	4,650,356	4,466,668
23 With donor restrictions	5,889,399	6,716,942
24 Total Net Assets	10,539,755	11,183,610
25 Total Liabilities and Net Assets	\$15,571,010	\$16,603,826

The accompanying notes are an integral part of these statements.

Consolidated Statements of Activities

in thousands

			Year Ended	Year Ended
	Without Donor	With Donor	June 30, 2022	June 30, 2021
	Restrictions	Restrictions	Total	Total
			Net Assets	Net Assets
Operating				
Revenues:				
1 Student tuition and fees	\$1,743,066		\$1,743,066	\$1,580,621
2 Health care services	2,466,587		2,466,587	2,262,870
3 Contracts and grants	718,621		718,621	675,011
4 Auxiliary enterprises	268,468		268,468	50,794
5 Sales, services and other	343,702		343,702	229,078
6 Contributions	242,438		242,438	278,554
7 Allocation of endowment spending	313,696		313,696	275,902
8 Total Revenues	6,096,578		6,096,578	5,352,830
9 Net assets released from restrictions	386,767	(\$386,767)		
10 Total Revenues and Reclassifications	6,483,345	(386,767)	6,096,578	5,352,830
Expenses:				
11 Salaries and benefits	3,509,082		3,509,082	3,240,562
12 Operating expenses	2,171,699		2,171,699	1,867,776
13 Depreciation	305,944		305,944	306,782
14 Interest on indebtedness	85,611		85,611	84,128
15 Total Expenses before Insurance recoveries and Settlement	6,072,336		6,072,336	5,499,248
Increase (decrease) in Net Assets from Operating Activities before Insurance recoveries and Settlement				
16	411,009	(386,767)	24,242	(146,418)
17 Insurance recoveries (refer to Note 14)	12,250		12,250	10,000
Increase (decrease) in Net Assets from Operating Activities before Settlement				
18	423,259	(386,767)	36,492	(136,418)
19 Settlement (refer to Note 14)				(450,000)
20 Increase (decrease) in Net Assets from Operating Activities	423,259	(386,767)	36,492	(586,418)
Non-operating				
21 Allocation of endowment spending to operations	(113,805)	(199,891)	(313,696)	(275,902)
22 Changes in funding status of defined benefit plan	6,490		6,490	18,471
23 Other components of net periodic benefit costs	343		343	(1,246)
24 Investment and endowment income	36,578	4,079	40,657	42,308
25 Net (depreciation) appreciation in fair value of investments	(205,663)	(467,944)	(673,607)	2,453,094
26 Contributions	36,486	211,600	248,086	245,391
27 Present value adjustment to annuities payable		11,380	11,380	(12,343)
28 (Decrease) increase in Net Assets from Non-operating Activities	(239,571)	(440,776)	(680,347)	2,469,773
29 Total increase (decrease) in Net Assets	183,688	(827,543)	(643,855)	1,883,355
30 Beginning Net Assets	4,466,668	6,716,942	11,183,610	9,300,255
31 Ending Net Assets	\$4,650,356	\$5,889,399	\$10,539,755	\$11,183,610

The accompanying notes are an integral part of these statements.

Consolidated Statements of Activities

in thousands

	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2021 Total Net Assets
Operating			
Revenues:			
1 Student tuition and fees	\$1,580,621		\$1,580,621
2 Health care services	2,262,870		2,262,870
3 Contracts and grants	675,011		675,011
4 Auxiliary enterprises	50,794		50,794
5 Sales, services and other	229,078		229,078
6 Contributions	278,554		278,554
7 Allocation of endowment spending	275,902		275,902
8 Total Revenues	5,352,830		5,352,830
9 Net assets released from restrictions	159,435	(\$159,435)	
10 Total Revenues and Reclassifications	5,512,265	(159,435)	5,352,830
Expenses:			
11 Salaries and benefits	3,240,562		3,240,562
12 Operating expenses	1,867,776		1,867,776
13 Depreciation	306,782		306,782
14 Interest on indebtedness	84,128		84,128
15 Total Expenses before Insurance recoveries and Settlement	5,499,248		5,499,248
Increase (decrease) in Net Assets from Operating Activities before Insurance recoveries and Settlement			
16 Insurance recoveries (refer to Note 14)	13,017	(\$159,435)	(146,418)
17 Increase (decrease) in Net Assets from Operating Activities before Settlement	23,017	(159,435)	(136,418)
18 Settlement (refer to Note 14)	(450,000)		(450,000)
20 (Decrease) in Net Assets from Operating Activities	(426,983)	(159,435)	(586,418)
Non-operating			
21 Allocation of endowment spending to operations	(102,246)	(173,656)	(275,902)
22 Changes in funding status of defined benefit plan	18,471		18,471
23 Other components of net periodic benefit costs	(1,246)		(1,246)
24 Investment and endowment income	40,174	2,134	42,308
25 Net appreciation in fair value of investments	706,887	1,746,207	2,453,094
26 Contributions	4,793	240,598	245,391
27 Present value adjustment to annuities payable		(12,343)	(12,343)
28 Increase in Net Assets from Non-operating Activities	666,833	1,802,940	2,469,773
28 Total increase in Net Assets	239,850	1,643,505	1,883,355
30 Beginning Net Assets	4,226,818	5,073,437	9,300,255
31 Ending Net Assets	\$4,466,668	\$6,716,942	\$11,183,610

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

in thousands

	Year Ended June 30, 2022	Year Ended June 30, 2021
Cash Flows from Operating Activities		
1 Change in Net Assets	(\$643,855)	\$1,883,355
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
2 Depreciation	305,944	306,782
3 Loss on the disposal/sale of plant assets	11,399	45,130
4 In-kind receipt of property, plant and equipment	-	(213)
5 Present value adjustment to annuities payable	(11,199)	12,294
6 Contributions received for property, plant and equipment and permanent investment	(111,241)	(204,132)
7 Net realized gain on sale of investments	(997,562)	(566,354)
8 Net unrealized depreciation (appreciation) in investments	1,671,115	(1,887,118)
9 (Increase) in accounts receivable	(287,976)	(94,078)
10 (Increase) decrease in pledges receivable	(14,192)	61,962
11 (Increase) in inventories, prepaid expenses and other assets	(33,707)	(98,211)
12 Increase in accounts payable	38,575	16,243
13 (Decrease) increase in accrued liabilities	(627,547)	276,816
14 Increase in refundable advances	2,601	16,349
15 Increase (decrease) in deposits and deferred revenue	152,718	(73,646)
16 Increase in other liabilities	67,091	10,122
17 Net Cash used in Operating Activities	(477,836)	(294,699)
Cash Flows from Investing Activities		
18 Proceeds from note collections	12,169	11,623
19 Notes issued	(2,050)	(2,763)
20 Proceeds from sale and maturity of investments	5,920,205	3,864,419
21 Purchase of investments	(5,905,181)	(4,090,736)
22 Purchase of property, plant and equipment	(298,730)	(319,194)
23 Net Cash used in Investing Activities	(273,587)	(536,651)
Cash Flows from Financing Activities		
Contributions received for long term investment:		
24 Endowment	106,480	109,641
25 Plant	3,826	94,601
26 Trusts and other	935	(110)
27 Repayment of finance lease obligation	(1,232)	(664)
28 Revolving line of credit	-	(500,000)
29 Proceeds from issuance of long-term debt	-	400,000
30 Decrease in federal student loan funds	(9,921)	(7,657)
31 Change in annuities payable	7,667	3,643
32 Payment on annuities payable	(11,147)	(10,788)
33 Increase to annuities payable resulting from new contributions	670	1,729
34 Net Cash provided by Financing Activities	97,278	90,395
35 Net decrease in Cash and Cash equivalents	(654,145)	(740,955)
36 Cash and Cash equivalents at beginning of year	1,075,383	1,816,338
37 Cash and Cash equivalents at end of year	\$421,238	\$1,075,383

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1.

Significant Accounting Policies Followed by the University of Southern California are Set Forth Below:

General:

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

Basis of Presentation:

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

Net Assets Without and With Donor Restrictions:

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

This classification includes all revenues, gains and expenses not restricted by donors. The university reports all expenses, with the exception of investment expenses, which are required to be netted against investment return, in this class of net assets, since the use of restricted contributions in accordance with donors’ stipulations results in the release of the restriction.

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

Measure of Operations:

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

The university’s non-operating activity within the consolidated statements of activities includes investment returns and other activities related to endowment, long-term benefit plan obligation funding changes, present value adjustment to annuities payable, gain/losses on extinguishment of debt, student loan net assets and contributions related to land, buildings and equipment that are not part of the university’s operating activities.

Other Accounting Policies:

Cash and cash equivalents consist of U.S. Treasury bills, certificates of deposit, money market funds and all other short-term investments available for current operations with original maturities of 90 days or less at the time of purchase. Cash equivalents that are part of the university’s investment portfolio are reported as investments and included in Note 6.

Notes to Consolidated Financial Statements

Note 1. (continued)

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

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

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

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

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

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

The university applies the authoritative guidance contained in FASB ASC 820-10, *Fair Value Measurements and Disclosures*, for estimating the fair value of investments in investment funds that have calculated Net Asset Value (NAV) per share in accordance with FASB ASC 946-10, *Financial Services-Investment Companies* (formerly the American Institute of Certified Public Accountants Audit and Accounting Guide, Investment Companies). According to this guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined in accordance with FASB ASC 946-10 as of the reporting entity's measurement date. Accordingly, the university uses the NAV as reported by the money managers as a practical expedient to determine the fair value of investments in investment funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. At June 30, 2022 and 2021, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient, adjusted for capital calls, distributions, and significant known valuation changes, if any, of its related portfolio.

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

Notes to Consolidated Financial Statements

Note 1. (continued)

Property, plant and equipment, including collections of works of art and historical treasures, are stated at cost or fair value at the date of contribution, plus the estimated value of any associated legal retirement obligations, less accumulated depreciation, computed on a straight-line basis over the estimated useful or component lives of the assets (equipment and library books useful lives ranging from 4 to 10 years and buildings component lives ranging from 5 to 50 years). Equipment is removed from the records at the time of disposal. The university records contributions of long-lived assets directly in net assets without donor restrictions, when the asset is placed in service.

The university determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The university determines these assets are leased because the university has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. The university determines lease classification as operating or finance at the lease commencement date. Operating leases as a lessee are included in right-of-use assets-operating leases and operating lease obligations in the consolidated balance sheets. Finance leases as a lessee are included in property, plant, and equipment, net and finance lease obligations in the consolidated balance sheets. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. For operating leases, the right-of-use asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease or is based on the university's incremental borrowing rate using a period comparable with the lease term. The lease term will include options to extend or to terminate the lease that the university is reasonably certain to exercise. Operating lease expense is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases. The university's lease agreements do not contain any material residual value guarantees or restrictive covenants. Rental income arising from operating leases as a lessor is included in operating revenue within 'Sales, services and other' revenues in the consolidated statements of activities.

The university's split interest agreements with donors consist primarily of gift annuities, unitrusts, pooled income funds and life estates. For irrevocable agreements where the university is the trustee, assets contributed are included in the university's investments and stated at fair value. Contribution revenue is recognized at the date each trust is established after recording liabilities for the actuarially determined present value of the estimated future payments to be made to the beneficiaries. The actuarial liability is discounted at an appropriate risk-adjusted rate at the inception of each agreement and the applicable actuarial mortality tables. Discount rates on split interest agreements range from 2.2% to 7.5%. The liabilities are adjusted during the terms of the trusts for changes in the fair value of the assets, accretion of discounts and other changes in the estimates of future benefits. The valuation follows generally accepted actuarial methods and is based on the requirements of FASB ASC 958.

The 2012 Individual Annuity Mortality Basic Table (without margin) for Males and Females with Projection Scale G2 for was 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 consolidated financial statements.

The University self-insures at varying levels for unemployment, disability, workers' compensation, property losses, certain healthcare plans, cyber liability, medical malpractice professional liability, and certain ancillary and personal lines of coverage; and obtains coverage through a captive insurance company for general liability, auto liability, directors and officers liability, employment practices liability, educator legal liability, fiduciary liability, sexual molestation liability, neurodegenerative injury liability, medical malpractice professional liability and certain litigation defense responsibilities. Insurance is purchased to cover liabilities above self-insurance limits. Where appropriate, estimates of retained exposures are reserved and accrued.

Notes to Consolidated Financial Statements

Note 1. (continued)

The university has recorded conditional asset retirement obligations associated with the legally required removal and disposal of certain hazardous materials, primarily asbestos, present in its facilities. When an asset retirement obligation is identified, the university records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as property, plant and equipment and then amortized over the estimated remaining useful life of the associated asset. The fair value of the conditional asset retirement obligations is estimated using a probability weighted, discounted cash flow model. The present value of future estimated cash flows is calculated using the credit adjusted interest rate applicable to the university in order to determine the fair value of the conditional asset retirement obligations. For the years ended June 30, 2022 and 2021, the university recognized accretion expense related to conditional asset retirement obligations of approximately \$7,488,000 and \$7,194,000, respectively. For the years ended June 30, 2022 and 2021, the university settled asset retirement obligations of approximately \$1,160,000 and \$744,000, respectively. As of June 30, 2022, and 2021, included in the consolidated balance sheets are asset retirement obligations of \$152,543,000 and \$145,883,000, respectively.

The university recognizes tuition and fees revenue on a straight-line basis over each academic session based on gross price, net of explicit price concessions such as scholarships, discounts and waivers (“Financial aid”), as displayed in the consolidated statements of activities in “Student tuition and fees”. Given the timing of each year’s academic sessions, nearly all performance obligations are satisfied by the university within the fiscal year. Tuition and fees revenue is derived from degree programs and executive and continuing education programs. Financial aid is awarded to students based on need and merit. Financial aid does not include payments made to students for services rendered to the university.

Financial aid for the year ended June 30, 2022, which is included in student tuition and fees on the consolidated statement of activities, consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$421,812	\$197,996	\$619,808
Endowed scholarships	34,906	16,384	51,290
External financial aid	36,532	17,148	53,680
Total	\$493,250	\$231,528	\$724,778

Financial aid for the year ended June 30, 2021, which is included in student tuition and fees on the consolidated statement of activities, consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$368,084	\$191,073	\$559,157
Endowed scholarships	37,831	19,638	57,469
External financial aid	36,121	18,751	54,872
Total	\$442,036	\$229,462	\$671,498

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

Notes to Consolidated Financial Statements

Note 1. (continued)

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

Sponsored research agreements are primarily considered non-exchange transactions which are recognized in contracts and grants revenue on the consolidated statements of activities as the associated barriers are overcome, which generally is as allowable expenditures under such agreements are incurred. Non-exchange agreements are considered conditional if the terms of the agreement include both a right of return/release of assets received/promised and a barrier. Any funding received in advance of expenditure is recorded as a refundable advance. For sponsored research agreements considered to be exchange transactions, revenues are recognized as performance obligations are satisfied which in most cases mirrors the timing of when related costs are incurred. For the years ended June 30, 2022 and 2021, the university recognized approximately \$131,000,000 and \$136,000,000 of private contracts and grants revenue in contributions on the consolidated statements of activities.

Net assets include contributions to the university and its various schools and departments. The university has determined that any donor-imposed restrictions of contributions for current or developing programs and activities are generally met within the operating cycle of the university and therefore, the university's policy is to record these net assets as without donor restrictions. Internally designated net assets are those which have been appropriated by the Board of Trustees or designated by management, and reflected in net assets without donor restrictions.

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

Unconditional contributions from donors, including contributions receivable (unconditional promises to give), are recorded as revenues in the year received. Noncash contributions are recorded at fair value using quoted market prices, market prices for similar assets, independent appraisals or appraisals performed by university management. Contributions receivable are reported at their discounted value using credit-adjusted borrowing rates and an allowance for amounts estimated to be uncollectible is provided. Donor-restricted contributions, which are received and either spent or deemed spent within the same year, are reported as revenue without donor restrictions. The presence of both a performance barrier and a right of return make a contribution conditional. Conditional promises to give are not recognized until specified obligations or barriers, such as milestones or performance targets, are met.

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

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

Notes to Consolidated Financial Statements

Note 1. (continued)

The majority of the Health System services are rendered to patients with commercial or managed care insurance, or under the federal Medicare and California State Medi-Cal programs. Reimbursement from these various payors is based on a combination of prospectively determined rates per discharge, per diem payments, discounted charges and reimbursed costs. Amounts received under the Medicare program are subject to retroactive settlements based on review and final determination by program intermediaries or their agents. The gross charges may be reduced by explicit price concessions, which include contractual adjustments based on agreements with third party payers or implicit price concessions provided to uninsured patients. Provisions for contractual adjustments and retroactive settlements related to these payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as additional information becomes known or as final settlements are determined.

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

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

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

In January 2020, the World Health Organization determined that the novel strain of coronavirus ("COVID-19") constitutes a Public Health Emergency of International Concern. The COVID-19 pandemic has caused a disruption to the nation's healthcare system. Such disruption includes reduction in availability of staffing and reductions in the availability of personal protective equipment to prevent spread of the disease during patient treatment. Keck Medicine continues to monitor developments and the directives of federal, state and local officials to determine what ongoing precautions, procedures, and protocols need to be followed. On March 27, 2020, the Federal Government passed the CARES Act (Coronavirus Aid, Relief, and Economic Stimulus Act), which allotted \$175 billion dollars to healthcare providers and suppliers through Medicare reimbursements, grants and other direct federal payments.

Notes to Consolidated Financial Statements

Note 1. (continued)

In December 2020, HHS issued new reporting requirements and an additional \$3 billion in funding was approved for future distributions. Due to the evolving nature of the guidance provided by the government, there is a reasonable possibility that amounts recorded under CARES Act provider relief funding by Keck Medicine may change in future periods. In addition, Keck Medicine received \$192.9 million of advanced payments from the Centers for Medicare and Medicaid Services (“CMS”) under the Accelerated and Advance Payments Program, which is recorded as accrued liabilities on USC’s consolidated balance sheet. As of June 30, 2022 and 2021, \$13.8 million and \$170.2 million, respectively, remains in accrued liabilities on the consolidated balance sheet. In October 2020, Congress gave hospitals and other providers that received Medicare Accelerated and Advance Payments one year from when the first loan payment was made to begin making recoupments. It is not clear whether these provisions and the increased funding to hospitals will be adequate to cover the significant costs borne by hospitals treating patients with COVID-19 or the shortfall in revenues that is anticipated from reductions in elective and other procedures during the COVID-19 outbreak.

The CARES Act also established the Higher Education Emergency Relief Fund Act (“HEERF”) to provide grant funds to higher education institutions to be used to provide financial assistance to students and for institutional purposes related to the pandemic. In fiscal year 2020, the university was awarded approximately \$19.7 million in HEERF Funds which have been fully distributed for student assistance in fiscal years 2020 and 2021. In December 2020, additional HEERF funding was authorized by Congress and the university has been allocated from this round of funding additional funds of approximately \$9.6 million for student aid and approximately \$20.3 million for institutional purposes. Under the most recent federal stimulus enacted in March 2021, the university has been allocated approximately \$26.9 million of additional HEERF funds for student aid and approximately \$26.9 million for institutional purposes. The university has recognized grant revenue as a result of the federal funding in the amount of \$11.7 million and \$85.9 million for the years ended June 30, 2022 and 2021, respectively.

Furthermore, the CARES Act allowed employers to defer the deposits and payments of the employer’s share of Social Security taxes. As of June 30, 2022 and 2021, \$41.7 million and \$50.0 million, respectively, was deferred and recorded within “accrued liabilities” on the consolidated balance sheet.

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

Revisions and reclassifications

Certain prior year amounts have been reclassified in order to conform to current year presentation. Amounts previously reported as other revenues have been reclassified to sales, services and other revenues on the consolidated statements of activities. There was no impact to total revenues.

Additionally, in connection with the preparation of the consolidated financial statements for the year ended June 30, 2022, the university revised its previously issued June 30, 2021 consolidated financial statements. The revisions reflect the correction of certain prior period errors in the consolidated balance sheet, statement of activities, and notes to the consolidated financial statements. The errors had no impact on the previously issued statement of cash flows. These revisions primarily relate to historical errors in intercompany eliminations between the university and the USC Health System. Management assessed the materiality of these errors and concluded they were not material to any previously issued consolidated financial statements or disclosures. However, management has revised the prior period to reflect the correction of the errors as described in the table below:

Notes to Consolidated Financial Statements

Note 1. (continued)

<i>(in thousands)</i>	June 30, 2021		
	As previously reported	Adjustments	As revised
Consolidated Balance Sheet			
Accounts receivable, net	\$576,233	(\$7,699)	\$568,534
Inventories, prepaid expenses and other assets	421,282	(53,849)	367,433
Property, plant and equipment, net	4,498,491	(47,616)	4,450,875
Total Assets	\$16,712,990	(\$109,164)	\$16,603,826
Accrued liabilities	\$1,798,636	\$24,883	\$1,823,519
Total Liabilities	5,395,333	24,883	5,420,216
Without donor restrictions	4,600,715	(134,047)	4,466,668
Total Net Assets	11,317,657	(134,047)	11,183,610
Total Liabilities and Net Assets	\$16,712,990	(\$109,164)	\$16,603,826
Consolidated Statement of Activities			
Beginning net assets without donor restrictions	\$4,360,865	(\$134,047)	\$4,226,818
Ending net assets without donor restrictions	\$4,600,715	(\$134,047)	\$4,466,668
Beginning net assets	\$9,434,302	(\$134,047)	\$9,300,255
Ending net assets	\$11,317,657	(\$134,047)	\$11,183,610
Notes to the Consolidated Financial Statements			
Note 2: Liquidity and Availability			
Total assets at year end	\$16,712,990	(\$109,164)	\$16,603,826
Inventories, prepaid expenses and other assets	(198,582)	(53,849)	(252,431)
Property, plant and equipment, net	(4,498,491)	47,616	(4,450,875)
Financial assets available at year end for current use	3,114,328	(115,397)	2,998,931
Note 3: Accounts Receivable			
Patient care	\$376,681	(\$7,699)	\$368,982
Total	\$576,233	(\$7,699)	\$568,534
Note 8: Property, Plant and Equipment			
Accumulated depreciation	\$3,401,351	\$47,616	\$3,448,967
Total	\$4,498,491	(\$47,616)	\$4,450,875
Note 12: Net Assets			
Undesignated (without donor restrictions and total net assets)	\$828,540	(\$86,431)	\$742,109
Invested in plant (without donor restrictions and total net assets)	1,229,814	(47,616)	1,182,198
Total net assets without donor restrictions	\$4,600,715	(\$134,047)	\$4,466,668
Total net assets	\$11,317,657	(\$134,047)	\$11,183,610

Notes to Consolidated Financial Statements

Note 1. (continued)

Recent Accounting Pronouncements:

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefits Plans – General*. The new guidance changes the disclosures required for defined benefit pension and other postretirement benefit plans. Certain disclosures are no longer required, including the effect of a one-percentage-point change in the assumed healthcare cost trend rate on the aggregate of the service and interest cost components of net periodic benefit cost and on the benefit obligation for postretirement healthcare benefits. Additionally, new disclosures are required, including the reasons for significant gains and losses affecting benefit obligations. The university adopted ASU 2018-14 for the fiscal year ended June 30, 2022. Adoption did not have a material impact on the university's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15—*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by these amendments. The university adopted ASU 2018-15 for the fiscal year ended June 30, 2022. Adoption did not have a material impact on the university's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. In response to concerns about structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. The amendments provide optional guidance for a limited time to ease the potential burden in accounting for (or recognizing the effects) of reference rate reform on financial reporting. The amendments provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. The amendments are elective and are effective for all entities as of March 12, 2020 through December 31, 2022. The university is currently evaluating the potential impact of adoption to the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance amends ASC 958-05, requiring not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets, and disclose contributed nonfinancial assets. Not-for-profit entities are required to disclose the disaggregation of the amount of contributed nonfinancial assets, which is recognized within the statements of activities, by the category that depicts the type of contributed nonfinancial asset. The university adopted ASU 2020-07 for the fiscal year ended June 30, 2022. Adoption did not have a material impact on the university's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)* which replaces the current GAAP incurred loss impairment methodology with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This standard will be effective for the university for the fiscal year ended June 30, 2024. The university is currently evaluating the potential impact of adoption to the financial statements.

Notes to Consolidated Financial Statements

Note 2.

Liquidity and Availability:

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

	June 30, 2022	June 30, 2021
Total assets at year end	\$15,561,651	\$16,603,826
<i>Less:</i>		
Notes receivable due in more than one year	(3,800)	(7,320)
Pledges receivable due in more than one year or otherwise purpose restricted	(354,785)	(344,515)
Donor-restricted endowment funds	(5,240,702)	(6,065,543)
Board-designated endowment funds	(2,159,379)	(2,060,679)
Annuities and living trusts	(174,926)	(193,415)
Inventories, prepaid expenses and other assets	(195,191)	(252,431)
Right-of-use assets, operating leases	(193,578)	(230,117)
Property, plant and equipment, net	(4,447,548)	(4,450,875)
Financial assets available at year end for current use	\$2,791,742	\$2,998,931

The university's endowment funds consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and therefore, is not available for general expenditure. As described in Note 7, for fiscal year 2022 and 2021, the Board of Trustees approved current distribution of 113% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provision of the spending rule, for fiscal year 2022 and 2021, the Board of Trustees approved an endowment pool payout of \$35.50 and \$31.24 a share respectively, for a total spending rule allocation of \$323,373,000 and \$276,239,000. As described in Note 6, the university also has unfunded commitments on alternative investments totaling \$1,459,056,000 and \$1,073,306,000 for fiscal year 2022 and 2021.

As part of the university's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the university invests cash in excess of daily requirements in short-term investments. Furthermore, the university has a board-designated endowment of \$2,159,379,000 as of June 30, 2022. Although the university does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated endowment fund and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 6 for disclosures about investments).

Note 3.

Accounts Receivable:

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

	2022	2021
U.S. Government	\$230,979	\$32,997
Student and other, net of allowance for doubtful accounts of \$33,124 (2022), \$29,757 (2021)	193,101	166,555
Patient care	432,430	368,982
Total	\$856,510	\$568,534

Notes to Consolidated Financial Statements

Note 4.

Notes and Loans Receivable:

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

Long-term financing receivables as of June 30, 2022, consist of the following (in thousands):

	June 30, 2022		Net
	Financing Receivables, Gross	Allowance for Doubtful Accounts	
Perkins loans	\$17,037		\$17,037
University student loans	4,510	(\$2,571)	1,939
Other student loans	17,854		17,854
Total student loans	39,401	(2,571)	36,830
Faculty and other loans	26,130		26,130
Total	\$65,531	(\$2,571)	\$62,960

Long-term financing receivables as of June 30, 2021, consist of the following (in thousands):

	June 30, 2021		Net
	Financing Receivables, Gross	Allowance for Doubtful Accounts	
Perkins loans	\$24,656		\$24,656
University student loans	5,591	(\$1,659)	3,932
Other student loans	18,361		18,361
Total student loans	48,608	(1,659)	46,949
Faculty and other loans	24,521		24,521
Total	\$73,129	(\$1,659)	\$71,470

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

Notes to Consolidated Financial Statements

Note 4. (continued)

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

The following table illustrates the aging analysis of receivables as of June 30, 2022 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$784	\$211	\$2,196	\$13,846	\$17,037
University student loans	303	58	2,377	1,772	4,510
Other student loans			222	17,632	17,854
Total student loans	1,087	269	4,795	33,250	39,401
Faculty and other loans				26,130	26,130
Total	\$1,087	\$269	\$4,795	\$59,380	\$65,531

The following table illustrates the aging analysis of receivables as of June 30, 2021 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$889	\$164	\$4,898	\$18,705	\$24,656
University student loans	234	7	2,836	2,514	5,591
Other student loans	126		209	18,026	18,361
Total student loans	1,249	171	7,943	39,245	48,608
Faculty and other loans				24,521	24,521
Total	\$1,249	\$171	\$7,943	\$63,766	\$73,129

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, 2022 and 2021, 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 that are included within accounts receivable on the consolidated balance sheet amounting to \$26,130,000 and \$24,521,000 were outstanding as of June 30, 2022 and 2021, 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, 2022 and 2021, 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.

Notes to Consolidated Financial Statements

Note 5.

Pledges Receivable:

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

Unconditional promises are expected to be realized in the following periods as of June 30 (in thousands):

	2022	2021
Less than one year	\$124,312	\$113,886
One to five years	307,954	249,385
More than five years	72,401	109,360
Less: discount	(47,197)	(47,640)
Less: allowance	(65,351)	(47,065)
Total	\$392,119	\$377,926

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

	2022	2021
Endowment for departmental programs and activities	\$203,975	\$179,006
Endowment for scholarship	24,341	22,694
Building construction	63,936	72,792
Departmental programs and activities	99,867	103,434
Total	\$392,119	\$377,926

At June 30, 2022 and 2021, conditional pledges not reflected in the consolidated financial statements, which consist primarily of promises to give with barriers to entitlement, were \$68,736,000 and \$23,830,000, respectively. When conditional promises to give become unconditional, they are recorded as revenues.

Notes to Consolidated Financial Statements

Note 6.

Investments:

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

	2022	2021
Equities	\$1,762,161	\$2,847,295
Fixed income securities	1,718,144	1,806,483
Alternative investments:		
Hedge funds	2,126,343	1,729,034
Private capital	2,534,088	2,561,694
Real estate and other	522,291	383,223
Assets held by other trustees	146,288	158,880
Total	\$8,809,315	\$9,486,609

The following table summarizes the levels of financial instruments carried at fair value as defined by the ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2022 (in thousands):

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$1,360,065	\$236	\$15,403	\$386,457	\$1,762,161
Fixed income securities	580,913	1,085,556	51,675		1,718,144
Hedge funds				2,126,343	2,126,343
Private capital				2,534,088	2,534,088
Real estate and other			28,354	493,937	522,291
Assets held by other trustees			146,288		146,288
Total	\$1,940,978	\$1,085,792	\$241,720	\$5,540,825	\$8,809,315

The following table summarizes the levels of financial instruments carried at fair value as defined by the ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2021 (in thousands):

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$2,359,408	\$327	\$15,403	\$472,157	\$2,847,295
Fixed income securities	273,739	1,518,481	14,263		1,806,483
Hedge funds				1,729,034	1,729,034
Private capital				2,561,694	2,561,694
Real estate and other			30,365	352,858	383,223
Assets held by other trustees			158,880		158,880
Total	\$2,633,147	\$1,518,808	\$218,911	\$5,115,743	\$9,486,609

Notes to Consolidated Financial Statements

Note 6. (continued)

The following table summarizes the university's Level III reconciliation of investments for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$15,403							\$15,403
Fixed income securities	14,263	\$36,835	(\$25,518)	\$291	(\$859)	\$26,663		51,675
Real estate and other	30,364	8	(1,972)	126	(172)			28,354
Assets held by other trustees	158,881		(194)	17	(12,416)			146,288
Total	\$218,911	\$36,843	(\$27,684)	\$434	(\$13,447)	\$26,663	\$0	\$241,720

The following table summarizes the university's Level III reconciliation of investments for the year ended June 30, 2021 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$15,403							\$15,403
Fixed income securities	17,153	\$4,651	(\$8,681)	(\$24)	\$1,164			14,263
Real estate and other	30,567		(177)	(2)	(27)	\$3		30,364
Assets held by other trustees	138,451		(1,542)	(662)	22,634			158,881
Total	\$201,574	\$4,651	(\$10,400)	(\$688)	\$23,771	\$3	\$0	\$218,911

Certain Level III assets totaling \$190,044,000 and \$204,648,000 as of June 30, 2022, and June 30, 2021, respectively, have been valued using unadjusted third-party quotations. The primary unobservable inputs for Level III fixed income securities, which are mainly non-public short-term comingled funds, are the applicable returns which range from -0.02%-2.5%, applicable duration ranging from 0.3-4.8 years, and applicable maturity ranging from 0.8-7 years. The weighted average yield rate is 0.19%, the weighted average duration is 0.48 years and the weighted average maturity is 1.17 years.

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

Investment income and gains presented on the consolidated statements of activities contains endowment appreciation utilized to fund the spending rule, and investment income net of expenses. Current year investment return reported in non-operating activities is net of external and direct internal investment costs, reduced by endowment appreciation utilized to fund the spending rule. The university's total investment return for the years ended June 30, 2022 and 2021, was (\$632,950,000) and \$2,495,402,000, respectively.

Notes to Consolidated Financial Statements

Note 6. (continued)

The following table lists investments by major category, measured using the NAV practical expedient, for the year ending June 30, 2022 (in thousands):

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Distressed Obligation Partnerships	U.S. and Non-U.S. Distressed Debt Securities	\$4,598	\$1,443	Approximately 1 Year	Redemptions are not permitted during the life of the fund.	Not Applicable
Hedge Funds	U.S. and Non-U.S. Investments in Relative Value, Event Driven, Long/Short and Directional Strategies	2,126,343	139,008	97% of NAV has an open ended life and 2.7% of NAV will be liquidated between 4 and 7 years, and 0.3% of NAV will be liquidated on an undetermined basis.	Ranges between monthly redemption with 60 days notice, quarterly redemption with up to 185 days notice, semi annual redemption with up to 120 days notice, annual redemption with up to 90 days notice, bi annual redemption with 90 days notice; lock ups can be up to 5 years.	19% of NAV is locked up for 3 months, 21% of NAV is locked up for 6 months, 7% of NAV is locked up for 9 months, 7% of NAV is locked-up for 1 year, 16% of NAV is locked for 2 years, 16% of NAV is locked-up for 3 years and 14% is locked up for more than 3 years.
Natural Resources Partnerships	U.S. and Non-U.S. Investments in Upstream, Midstream and Downstream Natural Resources Investments	603,477	126,588	Approximately 2 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Capital Partnerships	U.S. and Non-U.S. Private Equity and Venture Capital Investments	1,926,013	881,743	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Real Estate Partnerships	U.S. and Non-U.S. Real Estate	493,823	310,274	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Equity Funds	U.S. and Non-U.S. Equity Securities	386,457	Not Applicable	Open Ended	Minimum Monthly	None
Other Funds	U.S. and Non-U.S. Investments in Securities Other than Equity and Fixed Income	114	Not Applicable	Open Ended	Monthly	None
Total		\$5,540,825	\$1,459,056			

Notes to Consolidated Financial Statements

Note 6. (continued)

The following table lists investments by major category, measured using the NAV practical expedient, for the year ending June 30, 2021 (in thousands):

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Distressed Obligation Partnerships	U.S. and Non-U.S. Distressed Debt Securities	\$5,848	\$6,261	Approximately 1 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Hedge Funds	U.S. and Non-U.S. Investments in Relative Value, Event Driven, Long/Short and Directional Strategies	1,729,034	68,216	98.6% of NAV has an open ended life and 1.4% of NAV will be liquidated on an undetermined basis.	Ranges between quarterly redemption with up to 185 days notice, semi annual redemption with up to 90 days notice, annual redemption with up to 90 days notice, bi annual redemption with 90 days notice; lock ups can be up to 5 years.	14% of NAV is locked up for 3 months, 22% of NAV is locked up for 6 months, 9% of NAV is locked up for 9 months, 18% of NAV is locked-up for 1 year, 23% of NAV is locked for 2 years, 10% of NAV is locked-up for 3 years and 4% is locked up for more than 3 years.
Natural Resources Partnerships	U.S. and Non-U.S. Investments in Upstream, Midstream and Downstream Natural Resources Investments	444,863	157,630	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Capital Partnerships	U.S. and Non-U.S. Private Equity and Venture Capital Investments	2,110,983	501,764	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Real Estate Partnerships	U.S. and Non-U.S. Real Estate	352,741	339,435	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Equity Funds	U.S. and Non-U.S. Equity Securities	472,157	Not Applicable	Open Ended	Minimum Monthly	None
Other Funds	U.S. and Non-U.S. Investments in Securities Other than Equity and Fixed Income	117	Not Applicable	Open Ended	Monthly	None
Total		\$5,115,743	\$1,073,306			

Notes to Consolidated Financial Statements

Note 7.

Endowment:

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

Donor-restricted and board-designated endowment funds are summarized as follows for the year ended June 30, 2022 (in thousands):

	Board-Designated Endowment Funds	Donor-Restricted Endowment	Total
Pooled	\$1,837,495	\$5,188,546	\$7,026,041
Non-pooled	321,884	52,156	374,040
Total	\$2,159,379	\$5,240,702	\$7,400,081

Donor-restricted and board-designated endowment funds are summarized as follows for the year ended June 30, 2021 (in thousands):

	Board-Designated Endowment Funds	Donor-Restricted Endowment	Total
Pooled	\$1,957,653	\$5,737,019	\$7,694,672
Non-pooled	103,026	328,524	431,550
Total	\$2,060,679	\$6,065,543	\$8,126,222

Pooled investments represent donor-restricted and board-designated endowment funds which have been commingled in a unitized pool (unit value basis) for purposes of investment. At June 30, 2022 and 2021, the pool is comprised of cash and cash equivalents (1.53% and (1.82%)), equities (51.69% and (55.60%)), fixed income securities (5.39% and (5.86%)), alternative investments (34.64% and (32.31%)) and real estate and other investments (6.75% and (4.41%)), respectively. Access to or liquidation from the pool is on the basis of the market value per unit on the preceding monthly valuation date. The unit value at June 30, 2022 and 2021, was \$805.09 and \$904.15, respectively.

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

Notes to Consolidated Financial Statements

Note 7. (continued)

Endowment net asset composition by type of funds as of June 30, 2022 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		\$5,240,702	\$5,240,702
Board-designated endowment funds	\$2,159,379		2,159,379
Total	\$2,159,379	\$5,240,702	\$7,400,081

Endowment net asset composition by type of funds as of June 30, 2021 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		\$6,065,543	\$6,065,543
Board-designated endowment funds	\$2,060,679		2,060,679
Total	\$2,060,679	\$6,065,543	\$8,126,222

Changes in endowment net assets for the year ended June 30, 2022 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2021	\$2,060,679	\$6,065,543	\$8,126,222
Total investment return, net	(140,385)	(442,544)	(582,929)
Contributions and transfers	352,890	(182,406)	170,484
Appropriation of endowment assets for expenditure	(113,805)	(199,891)	(313,696)
Endowment net assets at June 30, 2022	\$2,159,379	\$5,240,702	\$7,400,081

Changes in endowment net assets for the year ended June 30, 2021 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2020	\$1,505,633	\$4,408,725	\$5,914,358
Total investment return, net	638,561	1,694,166	2,332,727
Contributions and transfers	18,731	136,308	155,039
Appropriation of endowment assets for expenditure	(102,246)	(173,656)	(275,902)
Endowment net assets at June 30, 2021	\$2,060,679	\$6,065,543	\$8,126,222

Notes to Consolidated Financial Statements

Note 7. (continued)

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA as of June 30 (in thousands):

	2022	2021
Restricted for scholarship support	\$1,204,122	\$1,363,970
Restricted for faculty support	1,202,180	1,338,324
Restricted for program support	2,834,400	3,363,249
Total endowment assets with donor restrictions	\$5,240,702	\$6,065,543

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor contribution amounts (deficit). When donor-restricted endowment fund deficits exist, they are classified as a reduction of net assets with donor restrictions. Deficits of this nature exist in various donor-restricted endowment funds, which together have an original value of \$68,355,000 and a current fair value of \$63,391,000 with a deficiency of \$4,694,000 and an original value of \$272,284,000 and a current fair value of \$271,548,000 and a deficiency of \$735,000 as of June 30, 2022 and 2021, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments and authorized appropriation that was deemed prudent. The university has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

The university has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under these policies, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The university expects its endowment funds over time to provide an average rate of return of approximately 6.6% 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.

For the 2022 fiscal year, the Board of Trustees approved current distribution of 113% 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, \$35.50 was distributed to each endowment unit for a total spending rule allocation of \$323,373,000. Investment income amounting to \$3.95 per endowment unit was earned, totaling \$36,486,000, and \$286,886,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2022 represent 4.62% of the market value of the endowment pool at June 30, 2022.

Notes to Consolidated Financial Statements

Note 7. (continued)

For the 2021 fiscal year, the Board of Trustees approved current distribution of 103% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provisions of the spending rule, \$31.24 was distributed to each time-weighted unit for a total spending rule allocation of \$276,239,000. Investment income amounting to \$3.55 per time-weighted unit was earned, totaling \$31,414,000, and \$244,825,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2021 represent 3.62% of the market value of the endowment pool at June 30, 2021.

Note 8.

Property, Plant and Equipment:

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

	2022	2021
Land and improvements	\$226,541	\$209,031
Buildings and improvements	5,658,548	5,905,466
Buildings and equipment under finance leases	73,259	69,731
Equipment	1,167,438	866,405
Library books and collections	477,562	465,941
Construction-in-progress	441,858	383,268
	8,045,206	7,899,842
Less: Accumulated depreciation	3,597,658	3,448,967
Total	\$4,447,548	\$4,450,875

Notes to Consolidated Financial Statements

Note 9.

Leases:

The university is committed to minimum annual lease payments under several long-term non-cancellable operating and finance leases for equipment, buildings and office space expiring at various dates through 2111.

The university has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of various equipment leases and a lease with the Los Angeles Memorial Coliseum Commission (LAMCC) to assume the operations of the Los Angeles Memorial Coliseum and Los Angeles Memorial Sports Arena. The lease agreement with the LAMCC expires in 2033, or in 2054, if all options are exercised, at which time a second lease agreement with the California Science Center (CSC), an institution of the state of California, commences. The lease with the CSC expires in 2111 and the university has assumed that all options will be exercised. Under the terms of both lease agreements for the Coliseum, the university is required to make certain capital improvements.

Operating Leases

The university has various equipment, vehicle and real estate leases for office space and housing that expire in various years through 2061. These leases generally contain renewal options for periods ranging from 2 years to 10 years and require the university to pay all executory costs (property taxes, maintenance, and insurance). The university is not reasonably certain the renewal options will be exercised and has not included them in the terms. Space leases contain customary escalation clauses, which are included in annual aggregate minimum rentals. Total operating lease expense for the years ending June 30, 2022 and 2021 was \$53,352,000 and \$51,416,000, respectively.

Short-Term Leases

The university has certain leases that are for a period of 12 months or less or contain renewals for periods of 12 months or less. The university does not include short-term leases within the balance sheet since it has elected the practical expedient to exclude these leases from right-of-use assets - operating leases and operating lease obligations. Total short-term lease expense included in operating expenses for the year ending June 30, 2022 was \$2,078,000.

Operating Leases - Lessor

The university has various leases in which it is the lessor. The university leases to others portions of certain buildings owned for retail, office, and medical office purposes. Leases are generally ten-year terms or less and are classified as operating leases. These leasing arrangements are not material to the consolidated financial statements.

Notes to Consolidated Financial Statements

Note 9. (continued)

The components of lease expense for the year ended June 30, are as follows (in thousands):

	2022	2021
Lease Expense		
Finance lease expense		
Amortization of right-of-use assets	\$2,392	\$1,776
Interest on lease liabilities	3,549	3,414
Operating lease expense	53,352	51,416
Short-term lease expense	2,078	633
Variable lease expense	1,428	(409)
Total	\$62,799	\$56,830
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Finance - Financing cash flows	\$1,232	\$664
Finance - Operating cash flows	\$1,695	\$1,595
Operating - Operating cash flows	\$53,030	\$49,647
Right-of-use assets obtained in the exchange for lease liabilities		
Finance leases	\$3,528	\$3,909
Operating leases	\$13,612	\$54,713
Weighted-average remaining lease term		
Finance leases	83.4 years	86.4 years
Operating leases	7.3 years	7.6 years
Weighted-average discount rate		
Finance leases	4.3%	4.4%
Operating leases	1.5%	1.4%

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

Future minimum lease payments:	Finance	Operating
2023	\$3,127	\$44,880
2024	2,987	37,040
2025	3,009	31,223
2026	2,673	25,878
2027	2,306	20,684
Thereafter	660,061	57,899
	674,163	217,604
Less: amounts representing interest	(587,405)	(14,738)
Present value of net minimum lease payments	\$86,758	\$202,866

The university entered into a lease agreement for a 101,000 square foot medical office building. The lease is a 34-year term with five, five-year options to extend, with the estimated lease commencement date of May 23, 2024. The university has the right of first offer years six through 18 and the right to purchase the building at fair market value years 19 through 20. The university has a commitment to pay minimum lease payments of \$327,470,000 through the initial 34-year term.

Notes to Consolidated Financial Statements

Note 10.

Bonds Payable and Line of Credit

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

	Interest %	Maturity	2022	2021
<i>University of Southern California Bonds:</i>				
Series 2011 Taxable	5.25	2112	\$300,000	\$300,000
Discount			(2,397)	(2,424)
Series 2016 Taxable	3.03	2040	722,580	722,580
Discount			(2,760)	(2,919)
Series 2017 Taxable	3.84	2048	402,320	402,320
Discount			(1,507)	(1,565)
Series 2020A Taxable	3.23	2121	320,000	320,000
Discount			(2,745)	(2,772)
Series 2020B Taxable	2.81	2051	308,835	308,835
Discount			(1,256)	(1,302)
Series 2021A Taxable	2.95	2052	400,000	400,000
Discount			(1,454)	(1,505)
			2,441,616	2,441,248
Less: current portion of long-term debt			-	-
Total			\$2,441,616	\$2,441,248

Principal payment requirements relating to bonds and notes payable, after giving effect to refunding, for the next five fiscal years are approximately: 2023 \$0; 2024 \$0; 2025 \$0; 2026 \$0; 2027 \$0, thereafter \$2,453,735,000.

Interest payments for fiscal year 2022 and 2021 were \$83,423,000 and \$74,880,000, respectively.

The university has a revolving line of credit with a bank with a maturity date of November 30, 2025. The committed size of the revolving line of credit is \$500,000,000. The line of credit accrues interest based on LIBOR and contains a fee on the unused portion. The line of credit contains certain restrictive covenants which include a minimum credit rating of "A" and "A2" from Standard and Poor's and Moody's, respectively, as well as a minimum total net assets of \$5,500,000,000. The university was in compliance with these covenants during fiscal years ending June 30, 2022 and 2021.

Notes to Consolidated Financial Statements

Note 11.

Retirement Benefits:

Retirement benefits for eligible university employees are provided through the Teachers Insurance and Annuity Association, The Vanguard Group, AIG Sun America (frozen July 2007), Fidelity Investments and Prudential Financial (frozen April 2016). Under these defined contribution plans, the university and plan participants make contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds. Under the USC Retirement Savings Program, the university makes a 5% non-elective contribution to all eligible employees and also matches dollar for dollar the first 5% of the employees' contributions. USC paused the non-elective contribution to all employees in calendar year 2021. Newly hired employees on or after January 1, 2012, have the university non-elective contribution subject to a four-year vesting schedule. Employees hired on or after January 1, 2019, are subject to a one year waiting period counted under the lapsed time method. Benefits commence at age 59 1/2, termination of employment or retirement. Pre-retirement survivor death benefits are also provided. Charges to operating expenses for the university's share of costs were approximately \$151,509,000 and \$140,698,000 during the years ended June 30, 2022 and 2021, respectively.

Retirement benefits for employees of USC Verdugo Hills Hospital, Las Vegas Culinary Health Center and University Physician Associates are provided by a defined contribution 401(k) plan through Fidelity Investments. In December 2021, University Physicians Associates moved to the University Retirement Savings Program. Until August 2011, the Keck and Norris hospital employees covered under a collective bargaining agreement with California Nurses Association were also covered under this 401(k) plan. Until January 2017, the National Union of Healthcare Workers ("NUHW") employees at Keck and Norris hospitals were also covered under this 401(k) plan. Under the 401(k) defined contribution plan, participants make contributions to purchase a variety of mutual funds.

Effective January 2017, the university contribution to the 401(k) plan is made on a paycheck-by-paycheck basis. Prior to this, the university made its contribution in a lump sum following the end of the calendar year and matched 100% of the participants' contributions up to 4% of eligible earnings, providing the participant was employed on the last day of the calendar year. In addition, the university made a 1% retiree medical benefit contribution to all NUHW participants who were both employed on the last day of the calendar year and worked 1,500 hours in that calendar year. The university contribution is subject to a five-year vesting schedule, although previously credited years prior to the Tenet, Las Vegas and Verdugo acquisitions have been carried over. Benefits commence at age 59 1/2, termination of employment or retirement. Pre-retirement survivor death benefits are also provided.

Notes to Consolidated Financial Statements

Note 11. (continued)

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

Changes in Projected Benefit Obligation	2022	2021
Benefit obligation at end of prior year	\$174,134	\$172,817
Interest cost	5,165	4,966
Actuarial (gain) loss	(40,576)	(1,662)
Benefits paid	(2,779)	(1,987)
	\$135,944	\$174,134
Changes in Plan Assets	2022	2021
Fair value of plan assets at the end of prior years	\$163,007	\$144,465
Actual return on plan assets	(28,578)	20,529
Benefits paid	(2,779)	(1,987)
	\$131,650	\$163,007
Reconciliation of Funded Status	2022	2021
Accumulated benefit obligation at end of year	(\$135,944)	(\$174,134)
Projected benefit obligation at end of year	(135,944)	(174,134)
Fair value of plan assets at end of year	131,650	163,007
Funded status	(\$4,294)	(\$11,127)
Components of Net Periodic Benefit Cost	2022	2021
Interest cost	\$5,165	\$4,966
Expected return on plan assets	(7,408)	(7,574)
Amortization of net loss	1,900	3,854
Total benefit cost	(\$343)	\$1,246
Amounts recognized in the Statement of Financial Position	2022	2021
Accrued liabilities	(\$4,294)	(\$11,127)
Amounts not yet recognized as components of Net Periodic Benefit Cost	2022	2021
Net loss	\$27,894	\$34,384

Notes to Consolidated Financial Statements

Note 11. (continued)

Changes in the net reduction to Without Donor Restrictions	2022	2021
Net gain	(\$4,590)	(\$14,617)
Amortization of net gain	(1,900)	(3,854)
Total benefit cost	(\$6,490)	(\$18,471)

The estimated net loss/(gain) and prior service cost for the Plan that will be recognized as components of net periodic benefit cost over the next fiscal year is \$1,647,000 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. On April 5, 2019, a payment of \$108,957,844 was made to purchase annuities for 1,720 retirees and beneficiaries who were receiving monthly benefit payments from the Plan, and thereby transferring the responsibility for payment of the pension benefits to the insurance company. The effect of the settlement was determined based on a measurement date of March 31, 2019, in accordance with ASC 715-30-35-66A. As a result of the annuity purchase, 44.15% of the benefit obligation for the Plan was settled, and a prorata portion of the net actuarial loss was recognized in expense, resulting in additional pension expense during fiscal 2019 of \$33,781,181.

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

	2022	2021
Discount rate	3.00%	2.90%
Expected return on plan assets	4.60%	5.30%
Rate of compensation increase	N/A	N/A

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

	2022	2021
Discount rate	5.00%	3.00%
Rate of compensation increase	N/A	N/A

Plan Assets

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

Notes to Consolidated Financial Statements

Note 11. (continued)

Fair Value

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

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

At June 30, 2022, a summary of fair value measurements by level for Plan investments measured at fair value on a recurring basis is as follows (in thousands):

	Level I	Level II	Level III	NAV	Total
Collective Trust Funds:					
Short-term investment fund		\$190			\$190
Equity securities		31,692			31,692
Fixed income securities		99,768			99,768
Total		\$131,650			\$131,650

At June 30, 2021, 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		\$78			\$78
Equity securities		47,238			47,238
Fixed income securities		115,691			115,691
Total		\$163,007			\$163,007

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, 2022	Target at June 30, 2022	Actual at June 30, 2021	Target at June 30, 2021
Short-term investment fund	0.0%	0.0%	0.0%	0.0%
Equity securities	24.0%	25.0%	29.0%	30.0%
Fixed income securities	76.0%	75.0%	71.0%	70.0%
Total	100.0%	100.0%	100.0%	100.0%

Notes to Consolidated Financial Statements

Note 11. (continued)

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

Contributions

No contribution to the plan is required to be made during the fiscal year ending June 30, 2022 or 2021. At this time, it is anticipated that the university will make discretionary contributions to the pension plan during the next fiscal year, although the total amount of such contributions has not yet been determined.

Estimated Future Benefit Payments

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

	Fiscal Year Ending June 30
2023	\$4,739
2024	5,484
2025	6,209
2026	6,977
2027	7,688
2028-2032	44,502

Notes to Consolidated Financial Statements

Note 12.

Net Assets:

The university's net assets as of June 30, 2022, includes the following (in thousands):

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Year Ended
			June 30, 2022
			Total Net Assets
Undesignated	\$1,320,190		\$1,320,190
Donor-restricted		\$81,652	81,652
Pledges		392,119	392,119
Unexpended endowment income	414,478		414,478
Annuity and living trusts		174,926	174,926
Donor-restricted endowment funds		5,240,702	5,240,702
Board-designated endowment funds	2,159,379		2,159,379
Debt service funds	128,302		128,302
Invested in plant	628,007		628,007
Total	\$4,650,356	\$5,889,399	\$10,539,755

The university's net assets as of June 30, 2021, includes the following (in thousands):

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Year Ended
			June 30, 2021
			Total Net Assets
Undesignated	\$742,109		\$742,109
Donor-restricted		\$80,058	80,058
Pledges		377,926	377,926
Unexpended endowment income	355,275		355,275
Annuity and living trusts		193,415	193,415
Donor-restricted endowment funds		6,065,543	6,065,543
Board-designated endowment funds	2,060,679		2,060,679
Debt service funds	126,407		126,407
Invested in plant	1,182,198		1,182,198
Total	\$4,466,668	\$6,716,942	\$11,183,610

Notes to Consolidated Financial Statements

Note 13.

Functional Expenses:

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

For the year ended June 30, 2022, functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fundraising Activities	Year Ended June 30, 2022
Compensation	\$2,368,920	\$380,602	\$42,179	\$2,791,701
Fringe benefits	477,350	226,129	13,901	717,380
Operating expenses	1,441,755	515,006	20,850	1,977,611
Cost of goods sold	85,513	47,690	25	133,228
Travel	22,955	36,508	1,055	60,518
Allocations:				
Depreciation	206,682	97,872	1,390	305,944
Interest	29,515	56,096		85,611
Plant operations and maintenance	185,406	(188,113)	2,707	
Total	\$4,818,096	\$1,171,790	\$82,107	\$6,071,993

For the year ended June 30, 2021, functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fundraising Activities	Year Ended June 30, 2021
Compensation	\$2,221,167	\$329,696	\$32,784	\$2,583,647
Fringe benefits	535,995	110,961	11,205	658,161
Operating expenses	1,270,776	476,537	8,264	1,755,577
Cost of goods sold	88,204	17,266		105,470
Travel	1,944	4,761	24	6,729
Settlement		450,000		450,000
Allocations:				
Depreciation	209,887	95,146	1,749	306,782
Interest	29,016	55,112		84,128
Plant operations and maintenance	172,505	(175,107)	2,602	
Total	\$4,529,494	\$1,364,372	\$56,628	\$5,950,494

Notes to Consolidated Financial Statements

Note 14.

Commitments and Contingencies

Contractual commitments for educational plant amounted to approximately \$146,305,000 and \$58,121,000 at June 30, 2022 and 2021, 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, 2019, the university entered into an agreement with the County of Los Angeles to provide professional services at Los Angeles County+USC Medical Center. Under the terms of the agreement, the contract automatically renews on an annual basis unless either party gives four years' notice of non-renewal. To date, no such notice has been provided by either party. On May 7, 2021, the County sent the university a notice of materials breach of the agreement and a request for a corrective action plan. The university submitted a response and corrective action plan on June 18, 2021.

The university is contingently liable as guarantor on certain obligations relating to equipment loans, student and parent loans, and various campus organizations.

The university has a broad portfolio of civil litigation, which reflects the complexity of the higher education environment and the diversity of issues facing universities today. Among other matters, these include lawsuits regarding the retirement plan, research and faculty recruitment, student disciplinary and campus safety matters, athletic injuries, personal injuries, inappropriate touching, late fees, dental and medical malpractice, and employment litigation. In preparing these financial statements, management reviewed the entire litigation portfolio with the assistance of legal counsel and in accordance with ASC 450, Contingencies, and recorded a contingent liability on the consolidated balance sheets to properly account for the entire litigation portfolio.

Since fiscal year 2018, the university has been named in multiple civil lawsuits arising out of alleged misconduct by a gynecologist formerly employed by the university at its student health center until June 21, 2016. The university previously paid a federal class action settlement totaling approximately \$235 million, inclusive of attorneys' fees. Approximately 804 individuals opted out of the federal class action settlement, and approximately 768 of these individuals filed lawsuits in state court. Approximately 58 of these individuals had their cases resolved through paid settlement or dismissal before March 25, 2021, when the university and the remaining 710 state court plaintiffs announced that they had reached a settlement agreement in the amount of \$851.6 million. That settlement was paid in two equal payments in August 2021 and August 2022. Pursuant to the settlement agreement, the university obtained a letter of credit in the amount of \$421.2 million, which has since expired and been deactivated by the bank, without being drawn on. After the global settlement was reached with the state court plaintiffs, three individuals filed suits based on alleged abuse by Dr. Tyndall. Two of those cases have since settled. The third case is in its early stage; the university has not made any offers in this matter and intends to pursue summary judgement. On February 21, 2020, USC entered into a Resolution Agreement with the U.S. Department of Education Office of Civil Rights, which had opened an investigation into Title IX compliance regarding the employment and conduct of this physician.

Insurance carriers that provided indemnity insurance coverage to USC related to the underlying Dr. Tyndall civil litigation have brought suit against USC (or threatened to do so), in order to try to recoup approximately \$80 million in indemnity payments paid to USC with respect to the Dr. Tyndall civil litigation.

In the fiscal years ended June 30, 2022 and June 30, 2021, the university agreed to settlements by which it collected more than \$22 million in indemnity payments from the university's insurers in connection with litigation related to Dr. Tyndall. While the university continues to expect that an additional portion of the Tyndall settlements will be covered by insurance, there can be no guarantee of the ultimate amount of coverage. Except as to insurance payments actually collected in July 2022, amounts of future insurance reimbursements are unknown as of June 30, 2022, and June 30, 2021, and as a result no insurance recovery accruals have been recorded in the 2022 or 2021 consolidated financial statements.

During the fiscal year ended June 30, 2020, the university was named in civil putative class action lawsuits (since consolidated into a single class action) that assert various legal claims seeking a partial refund of tuition and fees as a result of the university's campus closure and transition to remote instruction in response to the COVID-19 pandemic in the Spring 2020 semester. Although the outcome of this litigation is difficult to predict, the university believes it has strong defenses and has appropriately accounted for them in the consolidated financial statements.

Notes to Consolidated Financial Statements

Note 15.

Grants and Contracts:

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

	2022	2021
Current sponsored awards	\$1,241,433	\$1,197,127
Executed grants and contracts for future periods	1,350,949	1,376,406
Total	\$2,592,382	\$2,573,533

Note 16.

Related Parties

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

Note 17.

Subsequent Events

As of July 1, 2022, Methodist Hospital of Southern California ("MHSC") in Arcadia, California is now part of USC Health System, and is now known as USC Arcadia Hospital. The affiliation is structured as a member substitution in which the USC Health System became the sole corporate member of MHSC. In connection with the affiliation agreement, the lease between the City of Arcadia and MHSC will be transferred to and assumed by the USC Health System and extended for a term of 99 years. In addition, through the affiliation agreement, USC Health System has committed to invest \$200,700,000 in USC Arcadia Hospital's equipment, infrastructure and services. The areas of focus include expanded neurosciences, cardiac care and oncology services. The Health System will develop academic and training relationships for University residents and fellows at USC Arcadia Hospital. Additionally the university has committed to supporting the operating, investing and financing activities of USC Arcadia Hospital.

The university has performed an evaluation of subsequent events through December 21, 2022, which is the date the financial statements were issued.

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University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

Department of Agriculture

National Institute of Food and Agriculture

ALN

**Current Year
Expenditures**

**Pass-Through Funds
to Sub recipients**

Total Department of Agriculture

10.310

\$ 59,328

\$ -

59,328

-

Department of Commerce

Economic Development Administration

11.313

499,454

-

National Institute of Standards and Technology (NIST)

11.609

217,287

-

National Oceanic and Atmospheric Administration (NOAA)

11.417

1,427,740

281,547

National Oceanic and Atmospheric Administration (NOAA)

11.482

37,636

15,386

Total Department of Commerce

2,182,117

296,933

Department of Defense

Advanced Research Projects Agency

12.910

20,569,086

6,197,022

Defense Intelligence Agency

12.598

344,322

-

Department of Defense

12.006

629,034

148,153

Department Of Defense

12.RD

52,791,944

7,228,779

Department Of Defense

12.RD

2,527,978

713,379

Department of the Air Force, Materiel Command

12.800

5,118,109

1,250,760

Department of the Navy, Office of the Chief of Naval Research

12.300

8,154,151

1,281,843

National Security Agency

12.901

251,241

-

Office of the Secretary of Defense

12.630

816,113

-

U.S. Army Materiel Command

12.431

13,417,688

4,482,495

U.S. Army Medical Command

12.420

6,189,066

164,281

Total Department of Defense

110,808,732

21,466,712

Department of Education

Institute of Education Sciences

84.305

851,917

351,762

Office of Elementary and Secondary Education

84.206

471,355

-

Office of Innovation and Improvement

84.411

1,235,354

672,791

Office of Postsecondary Education

84.022

53,007

-

Total Department of Education

2,611,633

1,024,553

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

Department of Energy

	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department of Energy	81.049	4,256,814	493,775
Department of Energy	81.087	360,113	-
Department of Energy	81.089	529,660	467,880
Department of Energy	81.108	512,307	187,800
Department of Energy	81.121	198,002	-
Department of Energy	81.135	640,207	-

Total Department of Energy

6,497,103

1,149,455

Department of Health and Human Services

Administration for Community Living	93.048	1,034,445	75,737
Administration for Community Living	93.747	2,679	-
Agency for Healthcare Research and Quality	93.226	904,519	239,936
Centers for Disease Control and Prevention	93.118	74,118	-
Department Of Health And Human Services	93.RD	4,458,352	-
Health Resources and Services Administration	93.059	141,627	-
Health Resources and Services Administration	93.732	910,181	-
Health Resources and Services Administration	93.884	267,254	-
Health Resources and Services Administration	93.924	728,752	-
Health Resources and Services Administration	93.969	772,791	138,295
National Institutes of Health	93.077	5,453,765	432,935
National Institutes of Health	93.113	8,634,569	1,022,417
National Institutes of Health	93.121	14,141,787	2,544,534
National Institutes of Health	93.172	4,030,931	1,828,901
National Institutes of Health	93.173	6,853,587	386,999
National Institutes of Health	93.233	51,588	-
National Institutes of Health	93.242	8,137,725	2,545,008
National Institutes of Health	93.273	5,330,091	882,464
National Institutes of Health	93.279	4,062,749	818,723
National Institutes of Health	93.286	6,128,883	847,670
National Institutes of Health	93.307	3,874,718	334,798
National Institutes of Health	93.310	7,398,411	757,097
National Institutes of Health	93.350	3,295,177	758,540
National Institutes of Health	93.351	86,968	-
National Institutes of Health	93.353	1,244,870	-
National Institutes of Health	93.393	13,689,335	3,424,585
National Institutes of Health	93.394	2,434,203	262,215
National Institutes of Health	93.395	2,206,756	22,324
National Institutes of Health	93.396	4,066,265	401,420
National Institutes of Health	93.397	8,831,438	1,177,378

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
National Institutes of Health	93.398	562,206	-
National Institutes of Health	93.837	5,022,309	1,357,793
National Institutes of Health	93.838	3,017,318	157,557
National Institutes of Health	93.839	4,540,827	2,504,799
National Institutes of Health	93.846	3,962,788	512,768
National Institutes of Health	93.847	13,753,370	1,450,757
National Institutes of Health	93.853	20,807,229	4,187,892
National Institutes of Health	93.855	7,841,955	1,583,383
National Institutes of Health	93.859	14,376,020	325,639
National Institutes of Health	93.865	3,906,383	1,260,959
National Institutes of Health	93.866	85,098,486	22,057,870
National Institutes of Health	93.867	6,443,349	421,560
National Institutes of Health	93.879	1,096,601	361,970
National Institutes of Health	93.989	7,852	-
Office of the Secretary	93.297	186	-
Substance Abuse and Mental Health Services Administration	93.243	495,855	254,632
Total Department of Health and Human Services		290,181,268	55,339,555

Department of Homeland Security

Department of Homeland Security	97.RD	216,998	-
Federal Emergency Management Agency (FEMA)	97.082	205,634	-
Federal Emergency Management Agency (FEMA)	97.132	20,115	-
Science and Technology (S&T)	97.061	822,300	12,800
Total Department of Homeland Security		1,265,047	12,800

Department of Justice

National Institute of Justice	16.560	758,110	142,846
Office for Victims of Crime	16.582	18,165	-
Total Department of Justice		776,275	142,846

Department of State

Bureau of Educational and Cultural Affairs	19.401	110,090	-
Bureau of Educational and Cultural Affairs	19.415	1,420,810	8,840
Bureau of Near Eastern Affairs	19.221	371,437	-
Under Secretary for Public Diplomacy and Public Affairs	19.040	313,707	-
Total Department of State		2,216,044	8,840

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

Department of the Interior

	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department Of The Interior	15.RD	120,143	-
U.S. Geological Survey	15.807	1,412,285	1,010,871
U.S. Geological Survey	15.808	396,175	-
Total Department of the Interior		1,928,603	1,010,871

Department of Transportation

Federal Highway Administration (FHWA)	20.215	55,795	-
Office of the Secretary (OST) Administration Secretariate	20.701	3,187,584	1,723,982
Total Department of Transportation		3,243,379	1,723,982

Department of Veterans Affairs

Department Of Veterans Affairs	64.RD	212,220	-
VA Health Administration Center	64.035	121,714	-
Total Department of Veterans Affairs		333,934	-

Environmental Protection Agency

Office of Research and Development (ORD)	66.509	15,016	-
Total Environmental Protection Agency		15,016	-

Institute of Museum and Library Services

Institute of Museum and Library Services	45.313	57,136	29,960
Total Institute of Museum and Library Services		57,136	29,960

National Aeronautics and Space Administration

National Aeronautics and Space Administration	43.001	1,591,862	609,142
National Aeronautics and Space Administration	43.007	12,748	-
National Aeronautics and Space Administration	43.012	485,685	-
Total National Aeronautics and Space Administration		2,090,295	609,142

National Archives and Records Administration

National Archives and Records Administration	89.003	120,477	-
Total National Archives and Records Administration		120,477	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

National Endowment for the Humanities

	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
National Endowment for the Humanities	45.149	(1,299)	-
National Endowment for the Humanities	45.164	16,379	-
National Endowment for the Humanities	45.169	77,763	55,554
Total National Endowment for the Humanities		92,843	55,554

National Science Foundation

National Science Foundation	47.041	9,741,493	637,533
National Science Foundation	47.049	6,012,031	136,347
National Science Foundation	47.050	8,944,344	1,952,184
National Science Foundation	47.070	13,545,173	1,273,253
National Science Foundation	47.074	1,954,584	66,902
National Science Foundation	47.075	1,623,232	54,028
National Science Foundation	47.076	4,211,282	469,706
National Science Foundation	47.078	94,316	-
National Science Foundation	47.079	44,482	-
National Science Foundation	47.080	1	-
National Science Foundation	47.083	283,865	43,668
National Science Foundation	47.RD	862,542	-
Total National Science Foundation		47,317,345	4,633,621

Nuclear Regulatory Commission

Nuclear Regulatory Commission	77.008	252,592	-
Total National Archives and Records Administration		252,592	-

Total Research & Development Cluster - Direct Awards

\$	472,049,167	\$	87,504,824
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The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
<u>PASS-THROUGH FUNDS</u>	Identifying Number	ALN	Expenditures	to Sub recipients
Agency for International Development				
National Academy of Sciences	AID-263-A-15-00002	98.001	\$ 74,840	\$ -
Total Agency for International Development			74,840	-
Department of Agriculture				
Georgia State University	59-4000-0-0067	10.253	17,991	-
Total Department of Agriculture			17,991	-
Department of Commerce				
Global Science & Technology, Incorporated	ST-1330-17-CQ-0050	11.RD	27,148	-
National Marine Sanctuary Foundation	NA19OAR0110405	11.011	5,546	-
Pacific States Marine Fisheries Commission	NA18NMF4720007	11.472	2,644	-
State Coastal Conservancy	NA16NOS4780205	11.478	16,108	-
University of California San Diego	NA16NOS0120022	11.012	372,332	-
University of California San Diego	NA18OAR4170073	11.417	30,573	-
University of California San Diego	NA21NOS0120088	11.012	99,975	-
University of Miami	NA20OAR4320472	11.432	65,409	-
University of Mississippi	NA18OAR4170079	11.417	6,025	-
University of Wyoming	NA19NOS4780177	11.478	21,443	-
Total Department of Commerce			647,203	-
Department of Defense				
Acurastem, Incorporated	W81XWH2110355	12.RD	41,733	-
Advanced Robotics for Manufacturing Institute	W911NF-17-3-0004	12.630	247,749	197,293
Advanced Technology International	W15QKN-18-9-1004	12.RD	447,307	182,395
Aptima, Incorporated	HR00112290021	12.RD	30,023	-
Aptima, Incorporated	N68335-19-C-0583	12.RD	97,000	-
BAE Systems Information and Electronics Systems, Incorporated	AITMA-090493-00	12.RD	20,419	-
Battelle	FA865020D5703/FA8650-20-F-5704	12.RD	301,244	-
Boeing Company	ARM-TEC-18-01-F-13 / W911NF-17-3-0004	12.RD	33,775	-
Boeing Company	HR0011-20-9-0043	12.RD	11,472	-
California Institute of Technology	FA9550-18-1-0161	12.800	192,837	-
California State University Long Beach	EPA 18-EPA-RQ-17	12.RD	10,593	-
Caliola Engineering	FA8750-22-C-0506	12.RD	37,541	-
Carbonics, Incorporated	W911NF20C0017	12.630	85,183	-
Carnegie Mellon University	FA8750-18-2-0018	12.300	336,518	-
Carnegie Mellon University	N00014-21-1-2749	12.300	108,848	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR				
RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
<u>PASS-THROUGH FUNDS</u>	Identifying Number	ALN	Expenditures	to Sub recipients
Case Western Reserve University	N00014-16-1-2535	12.300	42,897	-
Cedars-Sinai Medical Center	W81XWH1910888	12.420	4,100	-
Clemson University	N00014-20-1-2558	12.300	301,289	-
Dignitas Technologies, LLC	W900KK-18-9-0005	12.RD	28,769	-
Duality Technologies, Inc.	HR0011-21-9-0003	12.RD	1,479,595	-
Emory University	FA9550-18-1-0420	12.800	282,721	-
Exquadrum, Inc.	HQ0860-21-C-7051	12.RD	5,965	-
George Mason University	FA9550-18-1-0455	12.800	77,893	-
Georgia Institute of Technology	18-C-0340	12.RD	167,931	-
Georgia Institute of Technology	2022-21100600004	12.RD	56,784	-
Georgia Institute of Technology	FA8750-17-C-0086	12.RD	15	-
Georgia Institute of Technology	H98230-20-C0300	12.RD	242,082	-
Georgia Institute of Technology	W911NF2110343	12.910	32,727	-
Graf Research	FA8650-20-D-1879	12.RD	164,039	-
Inferlink Corporation	FA8750-22-C-0511	12.RD	7,337	-
Intel Corporation	HR0011-17-3-0004	12.RD	8,752	-
Intelligent Automation Inc	HQ086021C7054	12.RD	38,028	-
Intelligent Automation Inc	HQ0860-21-C-7141	12.RD	384,661	-
Johns Hopkins University	H9823016D0026	12.RD	41,427	-
Johns Hopkins University	W81XWH-16-2-0060	12.420	7,400	-
Kayhan Space	FA864921P0229	12.RD	2,216	-
Krell Institute	4000183832	12.RD	4,868	-
Lockheed Martin Corporation	HR0011-21-C-0164	12.RD	2,918	-
Massachusetts Eye and Ear	W81XWH1910188	12.420	211,189	-
Massachusetts Institute of Technology	FA9550-15-1-0514	12.800	5,725	-
Massachusetts Institute of Technology	HR00112190069	12.RD	66,799	-
Medical Technology Enterprise Consortium	W81XWH-21-9-0003	12.RD	682,142	356,888
Microchip Technology Inc.	1668228	12.RD	74,375	-
NATIONAL SECURITY TECHNOLOGY ACCELERATOR	N00164-19-9-0001	12.RD	500,492	202,500
Nimbus Services, Incorporated	FA8650-20-F-1894	12.RD	322	-
North Carolina State University	H98230-19-D-0012	12.RD	39,331	-
North Carolina State University	W911NF-16-1-0406	12.431	128,332	-
Northeastern University	N00014-20-1-2453	12.300	255,472	-
Northern California Institute for Research and Education	W81XWH-14-1-0462	12.420	42,273	33,550
Northrop Grumman Corporation	FA8650-16-C-6697	12.RD	30,708	30,708
Oregon Health Science University	W81XWH-16-1-0748	12.RD	8,573	-

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RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
PASS-THROUGH FUNDS	Identifying Number	ALN	Expenditures	to Sub recipients
Pennsylvania State University	FA9550-21-1-0202	12.800	87,659	-
Perspecta Engineering, Incorporated	HR0011-20-C-0160	12.910	293,775	-
Protagonist Technology, LLC	HR001121C01170	12.RD	283,722	-
Purdue University	FA8750-16-2-0193	12.300	357,608	55,770
Purdue University	FA8750-20-2-1004	12.300	71,257	-
Purdue University	HR0011-18-3-0004	12.RD	200,876	-
Qorvo, Incorporated	W911NF-17-C-0029	12.910	23,880	-
Raytheon Technologies Corporation	FA8750-20-C-0508	12.RD	74,627	-
R-DEX Systems	2-AF181-064	12.RD	103,326	-
Regents of the University of Michigan	N00014-21-1-2475	12.300	118,284	-
Regents of the University of Michigan	W911NF1810208	12.431	163,077	-
Rensselaer Polytechnic Institute	W911W6-17-2-0004	12.RD	73,732	-
Rigetti Computing	HR00112230006	12.RD	3,535	-
San Diego State University	FA9550-21-1-0434	12.800	4,289	-
Sandia National Laboratories	DE-NA0003525	12.300	58,839	-
Sandia National Laboratories	DE-NA0003525	12.RD	86,232	-
Siemens Corporate Research, Incorporated	W911NF-17-3-0004	12.630	58,174	-
Simmetrix, Incorporated	W911NF-19-C-0094	12.RD	13,364	-
Sonalysts, Incorporated	FA8650-22-P-6414	12.RD	70,114	-
Spectral Energies, LLC	FA8650-21-C-5405	12.RD	53,698	-
St. Josephs Hospital & Medical Center	W81XWH2110145	12.420	46,884	-
State of California	ST1441-17-02	12.617	(795)	-
Stevens Institute of Technology	HQ003419D0003	12.RD	1,297,233	-
Stevens Institute of Technology	HQ003419D0003 HQ003421F0309	12.RD	53,859	-
Storagenenergy Technologies, Incorporated	N6833519C0507	12.RD	155,512	-
The Board of Trustees of the Leland Stanford	FA9550-21-1-0170	12.800	96,633	-
The Board of Trustees of the Leland Stanford	N00014-18-1-2659	12.RD	233,786	-
University of Arizona	W9132T20C0004	12.RD	17,911	-
University of California Berkeley	FA8750-17-2-0091	12.910	(68)	-
University of California Berkeley	FA8750-19-1-0504	12.910	41	-
University of California San Diego	FA9550-20-1-0145	12.630	41,166	-
University of California San Diego	FA9550-21-1-0143	12.630	54,400	-
University of California Santa Barbara	N00014-20-1-2164	12.300	124,339	-
University of California Santa Barbara	N00014-20-1-2764	12.300	39,412	-
University of California Santa Barbara	W911NF-15-1-0577	12.431	3,380	-
University of California, Los Angeles	210907-F0308-01	12.RD	44,940	-
University of California, Los Angeles	FA9550-19-1-0213	12.800	284,230	-

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PASS-THROUGH FUNDS	Pass-Through Entity Identifying Number	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
University of California, Los Angeles	N00014-19-1-2052	12.300	344,918	-
University of California, Los Angeles	N0018921PZ035	12.RD	52,105	-
University of Central Florida	D18AP00058	12.910	198,698	-
University of Central Florida	N00014-20-1-2789	12.300	229,817	-
University of Central Florida	W911NF-17-1-0481	12.431	3,890	-
University of Connecticut	N00014-17-1-2656	12.300	217,628	-
University of Florida	W81XWH2110594	12.420	11,972	-
University of Illinois	N00014-19-1-2373	12.300	98,955	-
University of Illinois	W911NF-17-2-0196	12.630	108,066	-
University of Illinois at Urbana Champaign	HR001121C0165	12.910	264,726	-
University of Maryland	HQ003418D0005	12.RD	49,742	-
University of Maryland	HQ003418D0005 HR001121F0019	12.RD	343,141	-
University of Maryland	HR00112290056	12.RD	62,564	-
University of Massachusetts	FA8750-18-2-0122	12.300	117,601	-
University of Minnesota	N00014-17-1-2308	12.300	(4,819)	-
University of Minnesota	N00014-22-1-2029	12.300	7,059	-
University of New Mexico	FA9453-20-2-0001	12.300	23,873	-
University of Pennsylvania	FA8750-18-2-0117	12.910	269,250	-
University of Pennsylvania	W911NF-17-2-0181	12.630	266,532	-
University of Pittsburgh	W81XWH-15-1-0663	12.420	2,475	-
University of Pittsburgh	W81XWH-16-D-0024	12.RD	17,111	-
University of Rochester	W911NF-18-0369	12.431	303,984	-
University of Texas at Dallas	FA9550-19-1-0134	12.800	537	-
University of Utah	N00014-18-1-2407	12.630	11,581	-
University of Wisconsin, Madison	FA9550-21-1-0305	12.800	32,570	-
University of Wisconsin, Madison	N00014-21-1-2044	12.300	126,751	-
Yale University	W81XWH2110739	12.RD	16,829	-
Total Department of Defense			15,302,876	1,059,104
Department of Education				
Duquesne University	R34A150103	84.324	158,940	-
East Los Angeles College	P031C160250	84.031	21,272	-
McRel International	U411C150011	84.411	16,775	-
National Opinion Research Center	R305A210335	84.305	181,063	-
Tulane University	R305C180025-19 Action 6	84.305	228,680	-
University of North Carolina, Chapel Hill	R305A200308-21	84.305	14,943	-
Total Department of Education			621,673	-

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RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
PASS-THROUGH FUNDS	Identifying Number	ALN	Expenditures	to Sub recipients
Department Of Energy				
Arizona State University	DE-SC0021213	81.049	39,990	-
California Institute of Technology	DE-SC0019219	81.049	67,137	-
General Motors Corporation	DE-EE0009204	81.086	294,273	-
Honeywell Federal Manufacturing & Technologies	DE-NA0002839	81.RD	120,019	-
Lawrence Berkeley Laboratory	DE-AC02-05CH11231	81.RD	35,996	-
Lawrence Berkeley Laboratory	DE-FOA-0001905	81.086	29,765	-
Lawrence Livermore National Laboratory	DE-AC52-07NA27344	81.RD	31,631	-
Los Angeles Cleantech Incubator	DE-EE0009659	81.086	8,027	-
Marine BioEnergy, Incorporated	DE-AR0000689	81.135	62,921	-
Media and Process Technology, Incorporated	DE-FE0031930	81.089	56,918	-
National Renewable Energy Laboratory - DOEN	DE-AC36-08GO28308	81.RD	37,872	-
Oakridge National Laboratories	DE-AC05-00OR22725	81.RD	161,929	-
Pacific Northwest National Laboratory	DE-AC05-76RL01830	81.RD	92,627	-
Pennsylvania State University	DE-FE0026825	81.089	100,379	-
Q-Chem, Incorporated	DE-SC0022364	81.049	33,102	-
RadiaSoft, LLC	DE-SC0021681	81.049	35,797	-
Regents of the University of Michigan	DE-EE0009688	81.086	87,746	-
Research Foundation for the State University of New York	DE-SC0021060	81.049	120,324	-
Rigetti Computing	DE-SC0021661	81.049	29,258	-
Sandia National Laboratories	DE-NA0003525	81.RD	116,169	-
Sandia National Laboratories	DE-NA-0003525	81.RD	897,259	-
The Board of Trustees of the Leland Stanford Junior University	DE-SC0019165	81.049	321,328	-
University of California Berkeley	DE-AC02-05CH11231	81.RD	41,243	-
University of California, Los Angeles	DE-SC0019245	81.049	8,405	-
University of California, Los Angeles	DE-SC0019381.0003	81.049	511,328	-
University of Houston	DE-NE0008529	81.121	40,422	-
University of Illinois	DE-SC0022173	81.049	72,887	-
University of Maryland	DE-NA0003993	81.124	94,612	-
University of Wisconsin, Milwaukee	DE-AR0000914	81.135	509,404	-
Total Department Of Energy			4,058,768	-
Department of Health and Human Services				
Activ Sitting	1R43AG074697-01	93.866	29,015	-
Acurastem, Incorporated	R44NS105156	93.853	115,383	-
AgeneBio	R44AG063607	93.866	225,262	-

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RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

	Pass-Through Entity		Current Year	Pass-Through Funds
	Identifying Number	ALN	Expenditures	to Sub recipients
Altamed Health Services Corporation	5R01MD013837-03	93.307	18,205	-
Altamed Health Services Corporation	90ADPI0034-01-001	93.470	15,710	-
Ann & Robert H. Lurie Childrens Hospital of Chicago	HHSN26120080001E	93.RD	9,933	-
Ann & Robert H. Lurie Children's Hospital of Chicago	R21DC016069	93.173	3,749	-
Arizona State University	U54CA217376	93.397	133,846	-
Artery Therapeutics, Incorporated	4R44AG060826-02	93.866	53,484	-
Avera McKennan Hospital & University Center	5UH3OD023279-07	93.310	40,357	-
Banner Alzheimer's Institute	1P30AG072980-01	93.866	24,749	-
Banner Alzheimer's Institute	1R01AG058468-01	93.866	78,137	-
Banner Alzheimer's Institute	5R01AG055444-05	93.866	40,296	-
Baylor College of Medicine	2R56NS095933-05A1	93.853	85,086	-
Baylor College of Medicine	5R01CA249867-02	93.395	59,587	-
Baylor College of Medicine	5R01DK129265-02	93.847	47,250	-
Baylor College of Medicine	5R01EY030447-03	93.867	49,843	-
Beckman Research Institute of the City of Hope	1R01HL157626-01	93.837	12,095	-
Beckman Research Institute of the City of Hope	5R01CA202712-05	93.393	2,003	-
Beckman Research Institute of the City of Hope	5U01CA199277-03	93.393	21	-
Beckman Research Institute of the City of Hope	5UMICA186717-03	93.395	146	-
Beckman Research Institute of the City of Hope	U01CA189283	93.394	17,708	-
Beckman Research Institute of the City of Hope	UMICA186717	93.395	344,361	-
Beth Israel Deaconess Medical Center	1UM1AI164556-01	93.855	132,271	-
Beth Israel Deaconess Medical Center	5UM1AI164556-02	93.855	7,048	-
BioAIM	2R42AI06375-03	93.855	3,985	-
BioVinc LLC	R41CA235996	93.394	14,562	-
Boston Medical Center Corporation	5R01AA026268-04	93.273	78,562	-
Brigham and Women's Hospital	5P30AG064199-02	93.866	4,060	-
Brigham and Women's Hospital	5U01CA250476-02	93.393	156,182	-
Brigham and Women's Hospital	P30AG064199	93.866	16,916	-
Brigham and Women's Hospital	R01AG063689	93.866	7,827,061	7,162,390
Brigham and Women's Hospital	U19AG010483	93.866	5,887	-
Brown University	5R01MH114891-05	93.242	56,145	-
Brown University	U54AG063546	93.866	40,641	-
Buck Institute For Aging Research	3P30AG068345-02S1	93.866	157,940	-
Buck Institute For Aging Research	P30AG068345	93.866	479,992	-
California Institute of Technology	1R01NS123663-01	93.853	34,443	-
California Institute of Technology	1U01NS123127-01	93.853	89,566	-
California Institute of Technology	5F30HL136080-05	93.839	8,747	-
California Institute of Technology	5R01EY031761-02	93.867	92,137	-

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	Identifying Number	ALN	Expenditures	to Sub recipients
California Institute of Technology	5R01HL152190-03	93.838	25,152	-
California Institute of Technology	R01NS18859A	93.853	101,783	-
California Institute of Technology	U01EB029823	93.286	130,507	-
California Institute of Technology	U24HG010859	93.172	521,024	-
California State University Long Beach Foundation	5R25GM121266-05	93.859	8,333	-
Case Western Reserve University	5R01AI100560-09	93.855	33,964	-
Cedars-Sinai Medical Center	1R01CA260955-01	93.394	15,859	-
Cedars-Sinai Medical Center	5R01AG055865-04	93.866	13,030	-
Cedars-Sinai Medical Center	5U01DK108314-07	93.847	29,883	-
Cedars-Sinai Medical Center	U01DK108314	93.847	4,322	-
Cedars-Sinai Medical Center	U01DK127403	93.847	364	-
Chapman University	2R01AG054442-03	93.866	42,971	-
Chapman University	3RF1AG0544420-2S6	93.866	520,089	-
Chapman University	RF1AG054442	93.866	130,882	-
Children's Hospital Corporation (Doing Business As Boston Children's Hospital)	5R01AI065617-20	93.855	10,946	-
Children's Hospital Corporation (Doing Business As Boston Children's Hospital)	5R01AI065617-21	93.855	62,965	-
Children's Hospital Corporation (Doing Business As Boston Children's Hospital)	5R01HL118455-06	93.838	69,275	-
Children's Hospital of Los Angeles	1P50MD017344-01	93.307	297,939	-
Children's Hospital of Los Angeles	1R01HS027619-01A1	93.226	35,299	-
Children's Hospital of Los Angeles	1U01DA055362-01	93.279	29,288	-
Children's Hospital of Los Angeles	2R01DK110793-06A1	93.847	19,682	-
Children's Hospital of Los Angeles	2U01DA036926-06	93.279	66,068	49,818
Children's Hospital of Los Angeles	3U01DA041048-06S1	93.279	8,626	-
Children's Hospital of Los Angeles	5R01AI152068-02	93.855	5,021	-
Children's Hospital of Los Angeles	5R01CA137124-10	93.393	23,672	-
Children's Hospital of Los Angeles	5R01DK123234-03	93.847	9,950	-
Children's Hospital of Los Angeles	5R01ES031247-02	93.113	13,986	-
Children's Hospital of Los Angeles	5R01HD095456-04	93.865	8,136	-
Children's Hospital of Los Angeles	5R01HD101641-03	93.865	27,949	-
Children's Hospital of Los Angeles	5R01HL134666-05	93.838	15,463	-
Children's Hospital of Los Angeles	5R03HD101718-02	93.865	2,475	-
Children's Hospital of Los Angeles	5R21HD097761-03	93.865	29,935	-
Children's Hospital of Los Angeles	5U01FD006549-03	93.103	34,725	-
Children's Hospital of Los Angeles	90AP2696-01-00	93.092	124,030	-
Children's Hospital of Los Angeles	R01AA025653	93.273	14,844	-
Children's Hospital of Los Angeles	R35CA225513	93.398	13,708	-
Children's Hospital of Los Angeles	U01DA041048	93.279	38,378	-

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	Identifying Number	ALN	Expenditures	to Sub recipients
Children's Hospital of Philadelphia	5P01CA217959-05	93.395	64,136	-
Children's Hospital of Philadelphia	5UG1CA189955-07	93.399	43,428	-
Children's Hospital of Philadelphia	5UG1CA233249-03	93.395	15,664	-
Children's Hospital of Philadelphia	7UG1CA189955- 08	93.399	6,898	-
Children's Institute, Incorporated	90ZJ0019-02-00	93.086	187,427	-
Children's Oncology Group	U10CA180886	93.395	373,240	-
Cleveland Clinic Foundation	5R01DE028521-04	93.121	20,736	-
Cleveland Clinic Lerner College of Medicine	1R01CA248931-01A1	93.393	19,452	-
Cleveland Clinic Lerner College of Medicine	7R01CA238087-03	93.393	43,995	-
Cleveland Clinic Lerner College of Medicine	U01NS116776	93.853	34,009	-
Colliga Apps Corp.	4R42MH123368-03	93.242	68,646	-
Columbia University	1R01MH128734-01	93.242	33,788	-
Columbia University	5R01HG003008-15	93.172	11,379	-
Columbia University	5U01AG051412-05	93.866	65,152	-
Columbia University	U2RTW010125	93.989	12,019	-
Cornell University	5R01HS025983-04	93.226	83,764	-
CSU Fullerton Auxiliary Services Corporation	1R25AG069711-01	93.866	14,975	-
Dana Farber Cancer Institute	5UH2CA240688-02	93.394	4,079	-
Department of Public Health	5NU58DP003862-05-00	93.283	1,105,035	-
Doheny Eye Institute	R01EY030141	93.867	137,726	-
Duke University	1R01NS111039-01A1	93.853	98,041	-
Duke University	3U24DK065716-16S1	93.847	1,898	-
Duke University	5R01MH111671-04 REVISED	93.242	63,446	-
Duke University	5U2COD023375-06	93.310	36,320	-
Duke University	R01DK118019	93.847	48,229	-
Duke University	R01ES029945	93.113	249,224	-
Eastern Virginia Medical School	5R37CA245716-02	93.393	50,341	-
ECOG-ACRIN	U10CA180820-06-CA011	93.395	72,928	-
Eden Medical, Incorporated	R44DK102244	93.847	70,519	-
Emory University	5P50HD104458-02	93.865	26,634	-
Emory University	7R01CA207260-04	93.393	28,783	-
ETR Associates	1 PHEPA00003-01-00	93.343	22,792	-
ETR Associates	5 PHEPA00003-02-00	93.343	92,362	-
EXBAQ, LLC	5R41A1145759-02	93.855	60,908	-
Flint Rehabilitation Devices, LLC	1R41HD104296-01A1	93.865	92,926	-
Flint Rehabilitation Devices, LLC	1R43AG071253-01	93.866	16,906	-
Florida State University	5R01DK118910-03	93.847	247,463	-

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Fox Chase Chemical Diversity Center, Inc.	5U01AG068823-02	93.866	69,236	-
Fred Hutchinson Cancer Research Center	5R01CA201407-05	93.393	214,556	-
Fred Hutchinson Cancer Research Center	5R01HL151152-02	93.837	78,358	-
Fred Hutchinson Cancer Research Center	R01HL151152	93.837	19,849	-
Georgia Institute of Technology	R01GM123517	93.859	53,047	-
Georgia State University	501MH121246-03	93.242	61,703	-
Georgia State University	5R01MH121246-03	93.242	96,372	-
Harvard Medical School	5R01AG056238-05	93.866	55,311	-
Harvard Medical School	5R01AG056239-05	93.866	16,502	-
Harvard Medical School	5R01HS026753-03	93.226	63,757	-
Harvard Medical School	5U24OD023176-04	93.310	86,916	-
Harvard School of Public Health	1P01HD103133-01	93.865	52,304	-
Harvard School of Public Health	1R01HD101351-01	93.865	19,322	-
Harvard School of Public Health	5P01HD103133-02	93.865	424,744	-
Harvard School of Public Health	5U01HD052102-15 REVISED	93.865	(1,066)	-
Harvard University	5P01AG041710-05	93.866	55,456	-
Harvard University	5R01AG042778-05REVISED	93.866	88,125	-
Harvard University	R01DK121409	93.847	800,344	-
Health Research, Incorporated	5R01CA228156-04	93.393	212,717	-
Hebrew University of Jerusalem	5R01AG065364-03	93.866	31,746	-
Henry Ford Health System	5R01CA222146-04	93.393	145,640	-
Hura Imaging, LLC	2R44EB024438-03	93.286	227,997	-
Icahn School of Medicine at Mount Sinai	R01AG065582	93.866	133,699	-
Icahn School of Medicine at Mount Sinai	R01HD100812	93.865	26,075	-
Icahn School of Medicine at Mount Sinai	U01HL088942	93.837	354,662	-
Indiana University	1U01AG072177-01	93.866	36,531	-
Indiana University	5U01AG057195-04	93.866	1,309,912	-
Indiana University	U01AG057195	93.866	(4,114)	-
Isoformix	1R43AG069552-01A1	93.866	46,866	-
Jackson Laboratory	5U24HG007497-06	93.172	4,308	-
Jackson Laboratory	5U24HG007497-08	93.172	31,972	-
Johns Hopkins University	3UM1AI068632-13S2	93.855	5,164	-
Johns Hopkins University	5 UM1 AI068632-14 REVISED	93.855	115,825	-
Johns Hopkins University	5PO1CA093900-17	93.396	62,250	-
Johns Hopkins University	5R01AG052510-04	93.866	21,144	-
Johns Hopkins University	5UM1AI068632-16	93.855	13,698	-
Johns Hopkins University	7R01EY030564-03	93.867	53,007	-

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Johns Hopkins University	UM1A1068632	93.855	39,963	-
Kaiser Foundation Research Institute	3R01ES029963-02S1	93.113	48,125	-
Kaiser Foundation Research Institute	5R01ES029963-03	93.113	114,434	-
Kaiser Foundation Research Institute	5R01HD098161-03	93.865	258,195	-
Keck Graduate Institute	5R01AG072896-02	93.866	53,394	-
Keck Graduate Institute	5R21AA026944-02	93.273	5,123	-
LA Biomedical Research Institute at Harbor-UCLA Medical Center	1R01HL151769-01	93.838	15,435	-
Leidos Biomedical Research, Incorporated	75N91019D00024	93.RD	6,129	-
Limbox	R43DA049617	93.279	20,748	-
Los Angeles County	1901CAO AFC-01	93.052	803,171	-
Los Angeles County	2101CAO AFC-01	93.052	445,555	-
Los Angeles County-Department of Public Health	1 NU58DP006619-02-00	93.435	23,972	-
Los Angeles County-Department of Public Health	DP18-1817	93.435	569,143	-
Los Angeles County-Department of Public Health	U50CK000498	93.323	438,124	-
Louisiana State University	2R01EY005121-33A1	93.867	24,634	-
Louisiana State University	5R01NS104117-04	93.853	(4,824)	-
Lovelace Biomedical and Environmental Research Institute	U01CA232505	93.393	49,778	-
Lundquist Institute	HHSN275201300024II	93.RD	36,094	-
Massachusetts General Hospital	1RF1NS121095-01	93.853	77,827	-
Massachusetts General Hospital	5P01DK011794-55	93.847	5,935	-
Massachusetts General Hospital	5R01NS105746-03	93.853	26,950	-
Massachusetts General Hospital	5U01FD007064-02	93.103	16,923	-
Massachusetts General Hospital	5U01HL123336-06 REVISED	93.837	104,074	-
Massachusetts General Hospital	5U01NS090259-02	93.853	91,640	-
Massachusetts General Hospital	R01AG054029	93.866	3,553,927	3,062,965
MAX BioPharma, Incorporated	1R44AR079335-01	93.846	11,122	-
Mayo Clinic	5R01CA195527-05	93.393	15,288	-
Mayo Clinic	5U01NS080168-07	93.853	47,419	-
Mayo Clinic	5U19AG063911-03	93.866	63,959	-
Mayo Clinic Jacksonville	U01NS080168	93.853	1,197	-
Medical University of South Carolina	5U01DK104833-06	93.847	17,213	-
Medical University of South Carolina	R01AG068324	93.866	782,051	-
Methodist Hospital Research Institute	5U54CA210181-05	93.393	4,380	-
Methodist Hospital Research Institute	5U54CA210181-05	93.397	183,201	-
Mt. Sinai School of Medicine	1OT2HL156812-01	93.840	252,981	-
National Alliance for Hispanic Health	3OT2OD025277-01	93.310	2,162	-
National Alliance for Hispanic Health	5 NU58DP006492-03-00	93.431	22,231	-

The accompanying notes are an integral part of this Schedule.

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PASS-THROUGH FUNDS

	Pass-Through Entity		Current Year	Pass-Through Funds
	Identifying Number	ALN	Expenditures	to Sub recipients
National Alliance for Hispanic Health	6 U3SHS42189-01-01	93.011	157,238	-
National Bureau of Economic Research	1R01AG063944-01	93.866	73,439	-
Neuromuscular Dynamics, LLC	2R44AR074859-02	93.846	23,417	-
Neuromuscular Dynamics, LLC	R43AR074859-01A1	93.846	1,249	-
NeuroScope Inc.	1R41AG073024-01	93.866	44,706	-
New England Research Institutes	U01HL107407	93.837	44,800	-
New York University	1U24HG011851-01	93.172	119,555	-
New York University	5R01NS104923-05	93.853	226,572	-
New York University	P50MH113662	93.242	31,721	-
Northeastern University	5R01DA045020-05	93.279	147,684	-
Northern California Institute for Research and Education	U01AG024904	93.866	356,777	-
Northern California Institute for Research and Education	U19AG024904	93.866	11,496,616	7,073,213
Northwestern University	5R01AR072721-04	93.846	93,603	-
Northwestern University	5R01DC010191-11	93.173	7,045	-
Northwestern University	5R01MH091131-08	93.242	33,775	-
Northwestern University	5R33AG057383-05	93.866	48,546	-
NRG Oncology Foundation, Incorporated	5UG1CA189867-08	93.399	18,412	-
NRG Oncology Foundation, Incorporated	UG1CA189867	93.399	963	-
Ogilvy	HHSD2002015M88160B	93.RD	61,083	-
Ohio State University	7R01AG055121-05	93.866	13,707	-
Ohio State University	R01DA053028	93.279	86,685	-
Oregon Health Science University	2U10CA180888-06	93.395	3,403	-
Oregon Health Science University	2UG1CA189974-06	93.399	95	-
Oregon Health Science University	5U24TR002306-04	93.350	51,990	18,350
Oregon Health Science University	U10CA180888	93.393	191,426	-
Oregon Health Science University	U10CA180888	93.394	20,548	-
Oryn Therapeutics, LLC	5R44AII42959-04	93.855	99,644	-
Pennsylvania State University	5R01HD059783-09	93.865	187,370	-
Pennsylvania State University	U2CAG060408	93.866	79,352	-
Preemie-Pacer, LLC	2R44HD092210-02A1	93.865	36,072	-
President and Fellows of Harvard College	1P01HD103133-01	93.865	12,460	-
President and Fellows of Harvard College	5R01AG042778-05 REVISED	93.866	78,571	-
President and Fellows of Harvard College	P01AG041710	93.866	22,891	-
Public Health Institute	5U10CA180899-08	93.393	1,042,048	-
Public Health Institute	5U10CA180899-09	93.395	644,465	-
Public Health Institute	7UG1CA189955- 08	93.399	112,202	-
Rand Corporation	5R01DA047396-03	93.279	21,113	-

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<u>PASS-THROUGH FUNDS</u>	Identifying Number	ALN	Expenditures	to Sub recipients
Rand Corporation	5R01DK126049-02	93.865	53,438	-
Rand Corporation	75FCMC18D0014	93.RD	26,336	-
Rand Corporation	P50DA046351	93.279	114,185	-
Rand Corporation	R01CE002999	93.136	91,155	-
Rand Corporation	R01DA046226	93.279	36,973	-
Rand Corporation	R01MD014722	93.307	45,293	-
Rand Corporation	R18HS026168	93.226	40,195	-
Rand Corporation	R21AG061433	93.866	86,629	-
Regents of the University of Michigan	1R37CA251464-01A1	93.393	80,073	-
Regents of the University of Michigan	1U24AG076462-01	93.866	2,295	-
Regents of the University of Michigan	3R01DA001411-45S1	93.077	41,183	-
Regents of the University of Michigan	5R01AG070953-02	93.866	25,869	-
Regents of the University of Michigan	U01AG009740	93.866	114,332	-
Regents of the University of Michigan	U01CA254822	93.353	49,468	-
Rejuvenation Technologies Inc	1R41AA028749-01	93.273	52,731	-
ReNetX Bio, Incorporated	1R44NS118974-01	93.853	136,464	-
Research Foundation for Mental Hygiene, Incorporated	3R01AG051346-03S1	93.866	29,717	-
Research Foundation for Mental Hygiene, Incorporated	3R01AG051346-03S2	93.866	28,003	-
Research Foundation for Mental Hygiene, Incorporated	R01AG051346	93.866	309,425	-
Research Foundation for the State University of New York	1R01HD093907-01A1	93.865	44,835	-
Research Foundation of State University of New York	5R01DC017720-04	93.173	32,234	-
Results Group, LLC	1R44NR019969-01	93.361	13,701	-
Results Group, LLC	90BISB0011-01-00	93.433	83,889	-
Rhode Island Hospital	5R01AG058648-03	93.866	86,212	-
Rush University Medical Center	5R01AG056405-04	93.866	31,370	-
Rutgers, The State University of New Jersey	5R01HG010297-04	93.172	209,062	-
Rutgers, The State University of New Jersey	R01HG010297	93.172	63,255	-
Rutgers, The State University of New Jersey	U24MH068457	93.242	795,869	-
Scripps Research Institute	1R01AI167003-01	93.855	118,624	-
Scripps Research Institute	R01GM140287	93.859	36,033	-
Seattle Institute for Biomedical and Clinical Research	R21MH123840	93.242	64,547	-
Shirley Ryan AbilityLab	90REGE0010-03-00	93.433	28,088	-
Southern California Institute for Research and Education	U01AA021884/U01AA021886	93.273	14,402	-
St. Josephs Hospital & Medical Center	1R01NS120331-01A1	93.853	47,218	-
St. Josephs Hospital & Medical Center	1R56AG068630-01	93.866	90,805	-
Stanford School of Medicine	U01NS038455	93.853	75,277	-
Syracuse University	5R24AG045061-08	93.866	161,152	-

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	Identifying Number	ALN	Expenditures	to Sub recipients
The Board of Trustees of the Leland Stanford Junior University	1R01CA271309-01	93.394	27,241	-
The Board of Trustees of the Leland Stanford Junior University	5R01CA211602-06	93.394	143,420	-
The Board of Trustees of the Leland Stanford Junior University	5R01CA225697-04	93.393	10,474	-
The Board of Trustees of the Leland Stanford Junior University	5R21EY031726-02	93.867	54,634	-
The Board of Trustees of the Leland Stanford Junior University	5R61NS118651-02	93.853	23,684	-
The Board of Trustees of the Leland Stanford Junior University	7R01CA241410-03	93.393	18,481	-
The Board of Trustees of the Leland Stanford Junior University	7R01MH116173-04	93.242	21,904	-
Thomas Jefferson University	5R01GM130889-05	93.859	73,396	-
Thomas Jefferson University	5R01GM137124-04	93.859	208,081	-
Thomas Jefferson University	7R01MH075916-10	93.242	32,877	-
Thrive for Life LLC	90BISA0051-01-00	93.433	16,969	-
UCLA Luskin School of Public Affairs	20184594	93.RD	1,366	-
University of Alabama at Birmingham	5R01AG057684-05	93.866	150,564	-
University of Alabama at Birmingham	5R35CA220502-02	93.393	9,057	-
University of Alabama at Birmingham	R35CA220502	93.393	16,504	-
University of Alabama at Birmingham	U54AI150225	93.855	4,158	-
University of Arizona	1R56AG067200-01	93.866	47,894	-
University of Arizona	5P01AG026572-15	93.866	765	-
University of Arizona	5R01CA242914-03	93.396	74,106	-
University of Arizona	5R25HL126140-08	93.838	694	-
University of Arizona	5UG1CA242596-03	93.399	39,630	-
University of California	5UM1AI068636-14	93.855	202	-
University of California Berkeley	3U24AG067418-02S1	93.866	22,620	-
University of California Berkeley	5R01AG062689-03	93.866	57,182	-
University of California Berkeley	5R01NS116992-03	93.310	18,700	-
University of California Davis	1R01DK125415-01A1	93.847	1,554	-
University of California Davis	5U19NS120384-02	93.853	32,467	-
University of California Davis	U19NS120384	93.853	60,795	-
University of California Regents	5R01AG049020-05	93.866	208,050	-
University of California Regents	5R01CA213129-05	93.395	58,049	-
University of California Regents	6T42OH008412-17-01	93.262	3,606	-
University of California Riverside	R01MH116220	93.242	33,166	-
University of California Riverside	R21NS117992	93.853	25,163	-
University of California San Diego	1R01NS122827-01	93.853	25,923	-
University of California San Diego	1R21AG074212-01	93.866	60,517	-
University of California San Diego	1U01AA027681-01	93.353	120,805	-
University of California San Diego	3 UMI AI069432	93.855	239,448	-

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	Identifying Number	ALN	Expenditures	to Sub recipients
University of California San Diego	3OT2OD026552-01S2	93.310	190	-
University of California San Diego	5R01AA028134-03	93.273	320,625	-
University of California San Diego	5R01CA23866201-02	93.396	(245)	-
University of California San Diego	5U01AA027681-02	93.353	39,486	-
University of California San Diego	7R35HL135747-05	93.838	112,408	-
University of California San Diego	OT2OD026552	93.310	1,059,529	-
University of California San Diego	R01AG048650	93.866	1,660	-
University of California San Diego	R01GM126016	93.859	88	-
University of California San Diego	R21NS107739	93.853	20,480	-
University of California San Francisco	1R24AG071456-01	93.866	21,486	-
University of California San Francisco	5R01AG038791-10	93.866	127,124	-
University of California San Francisco	5R01CA241125-02	93.393	92,705	-
University of California San Francisco	5R01HD093012-05	93.865	33,672	-
University of California San Francisco	5R24AG048024-08 REVISED	93.866	2,124	-
University of California San Francisco	5U01DK082944-11	93.847	85,309	-
University of California San Francisco	5U24DE02691403	93.121	129,006	-
University of California San Francisco	R01ES026171	93.113	62,383	-
University of California San Francisco	U01DK116043	93.847	15,832	-
University of California San Francisco	U01HL146242	93.837	412,134	-
University of California San Francisco	U24AG072699	93.866	34,640	-
University of California San Francisco	UH3NS100544	93.853	65,146	-
University of California San Francisco	UH3NS109956	93.853	80,143	-
University of California Santa Barbara	1R01GM144965-01	93.859	36,642	-
University of California, Irvine	1R01CA260615-01	93.393	8,258	-
University of California, Irvine	1R01HD101617-01A1	93.865	73,772	-
University of California, Irvine	5R01AG060049-04	93.866	61,677	-
University of California, Irvine	5R01AG060049-05	93.866	101,287	-
University of California, Irvine	5R01AG064228-04	93.866	32,495	-
University of California, Irvine	5R01CA237230-03	93.393	249,274	-
University of California, Irvine	5R01EY027363-03	93.867	91,487	-
University of California, Irvine	5R01EY031834-02	93.867	201,349	-
University of California, Irvine	7R01CA206019-06	93.395	82,649	-
University of California, Irvine	7R01EY027387-05	93.867	102,118	-
University of California, Irvine	DK118578	93.847	6,406	-
University of California, Irvine	HL125084	93.837	82,491	-
University of California, Los Angeles	1OT2HL156812-01	93.838	243,890	28,999
University of California, Los Angeles	1R01AG070895-01A1	93.866	74,010	-

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University of California, Los Angeles	1R01ES033660-01	93.113	11,116	-
University of California, Los Angeles	1R56AG070895-01	93.866	41,516	-
University of California, Los Angeles	3U01DA036267-08S1	93.279	1,764	-
University of California, Los Angeles	3UM1AI068636-14S2REVISED	93.855	579,596	-
University of California, Los Angeles	521EY031126-02	93.867	48,559	-
University of California, Los Angeles	5P30MH058107-25	93.242	9,001	-
University of California, Los Angeles	5R01CA231219-04	93.393	14,735	-
University of California, Los Angeles	5R01ES027027-05	93.113	60,589	-
University of California, Los Angeles	5R01ES029395-04	93.113	73,789	-
University of California, Los Angeles	5R01ES032806-02	93.113	60,771	-
University of California, Los Angeles	5R01GM120507-05	93.859	3,960	-
University of California, Los Angeles	5R01HL140472-04	93.837	125,441	-
University of California, Los Angeles	5R01NS074980-10	93.853	279,468	-
University of California, Los Angeles	5R01NS106957-04	93.853	121,041	-
University of California, Los Angeles	6 T42OH008412-17-01	93.262	6,528	-
University of California, Los Angeles	6793-02-S004 / OT2HL158287	93.RD	67,668	-
University of California, Los Angeles	7R01AG051903-06	93.866	37,210	-
University of California, Los Angeles	TI080222	93.788	552,262	6,133
University of California, Los Angeles	U01DK082370	93.847	76,265	-
University of California, Los Angeles	U01NS113871	93.853	9,881	-
University of California, Los Angeles	U1OHA29292	93.145	267,734	-
University of California, Los Angeles	U24NS107321	93.853	211,565	-
University of California, Los Angeles	U54DK123755	93.847	56,221	-
University of Chicago	5R01CA228198-04	93.393	83,919	-
University of Chicago	5R01CA240713-03	93.393	264,838	-
University of Chicago	U2CDA050098	93.279	27,001	-
University of Cincinnati	U01NS095869	93.853	454	-
University of Cincinnati	U01NS102353	93.853	140	-
University of Colorado	1R01AG068392-01A1	93.866	61,650	-
University of Colorado Denver	U01TS000300	93.070	41,087	-
University of Colorado, Denver Anschutz Medical Campus	5R01AG059613-04	93.866	15,720	-
University of Colorado, Denver Anschutz Medical Campus	5R25HL146166-04	93.838	7,409	-
University of Delaware	1R01GM120351-01A1	93.865	19,412	-
University of Florida	5R01GM128193-05	93.859	66,054	-
University of Hawaii at Honolulu	3R01CA229815-02S1	93.393	124,685	-
University of Hawaii at Honolulu	5R01MD014862-02	93.307	77,563	-
University of Hawaii at Honolulu	R01CA228905	93.077	11,916	-

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University of Hawaii at Honolulu	T32CA229110	93.398	209,174	-
University of Hawaii at Honolulu	U01CA164973	93.393	984,396	-
University of Illinois at Chicago	U01DK127378	93.847	17,288	-
University of Kansas	5R01GM126778-04	93.859	103,316	-
University of Kansas Center for Research Incorporated	5R21AI156320-02	93.855	151,603	-
University of Kentucky Research Foundation	1R01CA251478-01A1	93.395	52,029	-
University of Kentucky Research Foundation	5R01HS025148-03	93.226	2,404	-
University of Maryland	1R01NS114628-01A1	93.853	13,457	-
University of Maryland	1RF1MH123163-01A1	93.242	78,414	-
University of Maryland	3OT3OD025459	93.310	857,433	-
University of Maryland	5R01AG067536-03	93.866	33,274	-
University of Maryland	5R01HD092489-03	93.865	18,378	-
University of Maryland	5R01NS114628-02	93.853	21,636	-
University of Maryland	OT3OD025459	93.310	183,314	-
University of Miami	5R01NS096212-05	93.853	31,649	-
University of Miami	5R21HD095636-02	93.865	120,088	-
University of Minnesota	1R01CA262012-01	93.396	123,818	-
University of Minnesota	1R01NS124065-01	93.853	6,313	-
University of Minnesota	5P01CA138338-10	93.393	102,415	-
University of North Carolina, Chapel Hill	5R01CA218392-03	93.395	135,679	-
University of North Carolina, Chapel Hill	5R01HL142302-04	93.837	54,323	-
University of North Texas Fort Worth	5R01AG054073-05	93.866	132,369	-
University of North Texas Fort Worth	5R01AG058533-02	93.866	195,461	-
University of North Texas Fort Worth	5R01AG058537-03	93.866	280,616	-
University of Oklahoma	5R01CA218739-05	93.394	8,392	-
University of Pennsylvania	1R01CA255350-01A1	93.394	21,784	-
University of Pennsylvania	5R01AG060115-04	93.866	8,264	-
University of Pennsylvania	5R56AG069130-02	93.866	17,506	-
University of Pittsburgh	1R01AG073267-01	93.866	60,398	-
University of Pittsburgh	5R01AG034852-10	93.866	159,276	-
University of Pittsburgh	5R01DK115476-03	93.847	241,808	-
University of Pittsburgh	5U01AG051406-05	93.866	24,643	-
University of Pittsburgh	5U01AG051406-05REVISED	93.866	529,058	-
University of Pittsburgh	5U01AG0514060-5S10	93.866	37,396	-
University of Pittsburgh	7R01CA238662-04	93.396	220,387	-
University of Pittsburgh	R21TR003094	93.350	11,915	-
University of Pittsburgh	U01AG051406	93.866	165,427	-

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University of Pittsburgh	U19AG068054	93.866	298,126	-
University of Texas	5K12HD055929-14	93.865	27,584	-
University of Texas	5K12HD055929-15	93.865	185,442	-
University of Texas at Austin	1R01DA052079-01A1	93.279	166,773	-
University of Texas at Austin	1RF1MH122852-01	93.242	12,430	-
University of Texas Southwestern Medical Center	1R01NS123398-01	93.853	132,139	-
University of Washington	1R01DA051462-01A1	93.279	13,216	-
University of Washington	3RF1MH117800-01S2	93.242	8,701	-
University of Washington	5R01AA018673-10	93.273	42,866	-
University of Washington	5R01AG055653-04	93.866	99,698	-
University of Washington	5R01A1127463-05	93.855	18,175	-
University of Washington	5R01CA194393-06	93.393	39,453	-
University of Washington	5R01DC013771-08	93.173	105,809	-
University of Washington	U19AG057377	93.866	38,528	-
University of Washington	U24AG072122	93.866	168,657	-
University of Washington	UG4LM013725	93.879	425	-
University of Wisconsin, Madison	1R21NS111192-01A1	93.853	18,735	-
University of Wisconsin, Madison	1RM1GM130450-01	93.859	389,909	-
USAging	HHSP233201500060I	93.RD	9,523	-
Van Andel Research Institute	1R35CA209859-01	93.393	98,763	-
Vanderbilt University	1R03MH128649-01	93.242	14,835	-
Vanderbilt University	5R01CA202981-04	93.393	3,986	-
Vanderbilt University Medical Center	1R56HL150186-01A1	93.837	16,744	-
Vanderbilt University Medical Center	1U24AG074855-01	93.866	170,608	-
Vanderbilt University Medical Center	2R56AG047992-07A1	93.866	377,775	220,000
Vanderbilt University Medical Center	5R01A1093234-10	93.855	151,044	-
Vanderbilt University Medical Center	5R01CA227133-04	93.394	131,243	-
Vanderbilt University Medical Center	5R01CA230352-02	93.393	-	-
Vanderbilt University Medical Center	5R01CA230352-03	93.393	78,130	-
Vanderbilt University Medical Center	R01AG047992	93.866	729,225	601,920
Virginia Commonwealth University	U54DA036105	93.077	10,813	-
Wake Forest University	5R01AG058571-04	93.866	9,888	-
Wake Forest University	R01DK118062	93.847	38,494	-
Wake Forest University Health Sciences	1U01AG073697-01	93.866	58,686	-
Walter R. Mc Donald & Associates, Incorporated	75N98119D00071	93.RD	30,867	-
Walter R. Mc Donald & Associates, Incorporated	5N98119D00071\75N98120F000	93.RD	6,121	-
Walter R. Mc Donald & Associates, Incorporated	5P233201500042I / 75P00119F3'	93.RD	31,922	-

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RESEARCH & DEVELOPMENT CLUSTER	Pass-Through Entity		Current Year	Pass-Through Funds
<u>PASS-THROUGH FUNDS</u>	Identifying Number	ALN	Expenditures	to Sub recipients
Washington University	IU01DC018942-01	93.173	639	-
Washington University	IU19AG071754-01	93.866	47,023	-
Washington University	IUC2DK126024-01	93.847	-	-
Washington University	5R01AG053267-03 REVISED	93.866	135,353	-
Washington University	5UC2DK126024-02	93.847	348,430	-
Washington University In St. Louis	5R01NS089932-05	93.853	53,152	-
Washington University In St. Louis	5U01DC018942-02	93.173	51,283	-
Washington University School of Medicine	5R01CA211711-04	93.394	(44)	-
Washington University School of Medicine	5U01AG059798-02	93.866	61,514	-
Weill Cornell Medical College	5R01DK113300-04	93.847	36,876	-
Weill Cornell Medical College	5R01MH114925-03	93.242	6,000	-
Weill Cornell Medical College	R61DA051529	93.279	2,821	-
Westat, Incorporated	HHSN275201800001I	93.RD	115,296	-
Yale University	5R01AG060084-04	93.866	9,999	-
Total Department of Health and Human			68,786,530	18,223,788
Department of Homeland Security				
Arizona State University	17STQAC00001-01-02	97.061	88,020	-
Arizona State University	17STQAC00001-03-00	97.061	13,167	-
Governor's Office - OES	EMF-2020-00025-S01	97.082	63,774	-
Governor's Office - OES	EMF-2021-CA-00020-S01	97.082	198,968	-
Northeastern University	22SESE00001-01-00	97.061	82,348	-
University of Illinois at Urbana Champaign	2015-ST-061-CIRC01	97.061	168,424	88,485
Total Department of Homeland Security			614,701	88,485
Department of Justice				
California Office of Emergency Services	2018-V2-GX-0029	16.575	400,819	-
California Office of Emergency Services	2019-V2-GX-0053	16.575	42,815	-
California State University Los Angeles	2019-V3-GX-0006	16.560	84,087	-
California Office of Emergency Services	A201004372	16.RD	63,976	-
Pacific Architects and Engineers, Incorporated	15JPSS20D00000373	16.RD	355,688	-
Weill Cornell Medical College	2019-MU-GX-K037	16.582	106,316	-
Total Department of Justice			1,053,701	-
Department of the Interior				
Department of Parks and Recreation	P17AP00240	15.925	8,751	-
Greensight	140D0420C0054	15.RD	66,342	-
University of Arizona	L20AC00250	15.224	8,420	-
Total Department of the Interior			83,513	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

Department of Transportation

	Pass-Through Entity Identifying Number	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
CA-Department of Transportation	69A3551747109	20.701	892,932	430,425
National Academy of Sciences	DTFH61-13-H-00024	20.200	9,449	-
University of California Regents	69A3551747114	20.701	926,366	125,232
Total Department of Transportation			1,828,747	555,657

Environmental Protection Agency

Health Effects Institute	CR-83234701	66.511	173,734	23,850
Health Effects Institute	CR-83590201	66.511	238,180	-
Southern California Coastal Water Research Project	99T93001	66.461	32,691	-
Total Environment Protection Agency			444,605	23,850

National Aeronautics and Space Administration

Carr Astronautics Corporation	80NSSC20K0127	43.001	54,300	-
Electra.aero	80NSSC21C0367	43.RD	59,656	-
Intelligent Automation Inc	80NSSC21C0555	43.RD	50,176	-
Intelligent Optical Systems, Incorporated	80NSSC21C0604	43.RD	39,981	-
Jet Propulsion Laboratory, California Institute of Technology	80NM0018D0004	43.001	542,886	-
Jet Propulsion Laboratory, California Institute of Technology	80NM0018D0004	43.RD	2,476	-
Princeton University	80NSSC20K0719	43.001	5,591	-
Regents of the University of Michigan	80LARC21DA003	43.RD	90,672	-
Regents of the University of Michigan	NNL13AQ00C	43.001	1,841	-
Regents of the University of Michigan	NNL13AQ00C	43.RD	21,374	-
Research Foundation for the State University of New York	80NSSC20K0228	43.001	3,614	-
SETI Institute	80NSSC18K1651	43.001	45,483	-
Space Telescope Science Institute	NAS5- 26555	43.RD	26,916	-
Space Telescope Science Institute	NAS5-26555	43.RD	26,908	-
Stevens Institute of Technology	80NSSC20K1118	43.001	7,791	-
The Board of Trustees of the Leland Stanford Junior University	NAS5-02139	43.RD	28,179	-
University of California Davis	80NSSC19K1052	43.012	29,104	-
University of California San Diego	80NSSC20K0993	43.008	205,523	-
University of Colorado	NAS5-02140	43.RD	18,521	-
University of Colorado	NNX17AC59A	43.001	5,744	-
University of Maryland	80NSSC18M0148	43.002	69,066	-
University of Montana	80NSSC19M0114	43.001	127,185	-
Total National Aeronautics and Space Administration			1,462,987	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

National Endowment for the Arts

	Pass-Through Entity Identifying Number	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
Los Angeles City-Cultural Affairs Department	1855757-42-19	45.024	22,173	-
Total National Endowment for the Arts			22,173	-

National Science Foundation

American Educational Research Association	DRL -1749275	47.076	5,595	-
American Physical Society	DGE-1633150	47.076	13,784	-
California State University Fullerton	CNS-2125654	47.070	45,492	-
Carnegie Mellon University	SES-1463492	47.075	19,916	-
Computing Research Association	2030859	47.070	45,912	-
Computing Research Association	2127309	47.070	138,684	-
Ecate, LLC	2126398	47.041	14,819	-
Emory University	CNS-2125530	47.070	53,747	-
Florida International University	AST-1202910	47.049	69,212	-
Florida International University	OAC-2029278	47.070	110,487	-
Florida International University	OAC-2029283	47.070	111,227	-
Georgia Tech University	CMMI-2112533	47.041	84,271	-
Harvard University	CMMI-2036359	47.041	60,564	-
Los Angeles City College	DUE-2021548	47.076	18,495	-
Los Angeles Valley College	HRD-2121999	47.076	14,859	-
Machina Labs, Inc.	FA864921P0103- P00002	47.041	30,403	-
Portland State University	PHY-1828793	47.049	(7,747)	-
Princeton University	CNS-1827977	47.070	218,358	-
Rand Corporation	NSF1831770	47.070	91,552	-
Research Corporation	CHE-2039044	47.049	17,417	-
Research Corporation for Science Advancement	CHE-2039044	47.049	4,270	-
Rutgers, The State University of New Jersey	1756248	47.074	30,310	-
Santa Fe Institute	SES-2019982	47.075	26,624	-
The Board of Trustees of the Leland Stanford Junior University	N00014-18-1-2659	47.049	15,529	-
Trustees of Columbia University in the City of New York	OCE-1450528	47.050	9,602	-
University of California Berkeley	CMMI-1612843	47.041	25,238	-
University of California Berkeley	CMMI-2131111	47.041	4,079	-
University of California San Diego	2040676	47.083	416	-
University of California San Diego	OIA-2134904	47.083	26,521	-
University of California Santa Barbara	OIA-2033521	47.083	58,713	-
University of California, Irvine	IOS-2034043	47.074	36,200	-
University of California, Los Angeles	2040737	47.083	31,308	-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

PASS-THROUGH FUNDS

	Pass-Through Entity		Current Year	Pass-Through Funds
	Identifying Number	ALN	Expenditures	to Sub recipients
University of Central Florida	CBET-1805200	47.041	95,821	-
University of Colorado-Boulder	OAC-2138286	47.070	18,359	-
University of Georgia	ICER-1940082	47.050	1,591	-
University of Illinois	1541450	47.070	46,479	-
University of Illinois at Urbana Champaign	ACI-1548562	47.070	86,989	-
University of Maryland	CMMI-2120065	47.041	33,257	-
University of Massachusetts	ECCS-2023752	47.041	64,894	-
University of Massachusetts	OAC-2018074	47.070	90,695	-
University of Minnesota	DE-SC0008688	47.049	11,187	-
University of North Carolina, Chapel Hill	1839900	47.070	126,774	-
University of Tennessee	BCS-2009103	47.075	12,919	-
University of Wisconsin, Madison	ECCS-1727523	47.041	34,313	-
University of Wisconsin, Madison	OAC-2030508	47.070	249,736	-
Virginia Polytechnic Institute State University	ACI-1547580	47.070	60,325	-
Virginia Polytechnic Institute State University	AST-2037870	47.041	4,061	-
Virginia Polytechnic Institute State University	CHE-2136142	47.049	63,154	-
Yale University	SES-1949522	47.075	45,008	-
Total National Science Foundation			2,471,419	-

Securities And Exchange Commission

Rand Corporation	SECHQ116D0011	58.RD	72,352	-
Total Securities And Exchange Commission			72,352	-

Social Security Administration

Regents of the University of Michigan	1 RDR18000002-01-00	96.007	426,559	-
Regents of the University of Michigan	1 RDR18000002-03-00	96.007	171,609	-
Total Social Security Administration			598,168	-

Total Research & Development Cluster - Pass-Through Funds **\$ 98,162,247** **\$ 19,950,884**

Total Research & Development Cluster - Direct Awards and Pass-Through Funds **\$ 570,211,414** **\$ 107,455,710**

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR		Current Year
STUDENT FINANCIAL ASSISTANCE CLUSTER	ALN	Expenditures
Department of Education		
Office of Federal Student Aid		
Federal Direct Student Loans	84.268	\$ 607,965,979
Federal Pell Grant Program	84.063	24,192,544
Federal Supplemental Educational Opportunity Grants	84.007	8,878,487
Federal Work-Study Program	84.033	4,956,829
Postsecondary Education Scholarships for Veteran's Dependents	84.408	6,124
Federal Perkins Loans		
Federal Perkins Loans as of July 1, 2021	84.038	24,655,656
New loans issued during fiscal year 2022	84.038	-
Total Department of Education		670,655,619
Department of Health and Human Services		
Health Resources and Services Administration		
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	1,222,494
Health Professional Student Loans		
Health Professional Student Loans as of July 1, 2021	93.342	16,848,953
New loans issued during fiscal year 2022	93.342	1,689,730
Loans for Disadvantaged Students		
Loans for Disadvantaged Students as of July 1, 2021	93.342	1,512,439
New loans issued during fiscal year 2022	93.342	214,000
Total Department of Health and Human Services		21,487,616
Total Student Financial Assistance Cluster		\$ 692,143,235

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR

OTHER PROGRAMS

DIRECT AWARDS

Economic Development Cluster

Department of Commerce

Economic Adjustment Assistance

Total Economic Development Cluster

Head Start Cluster

Department of Health and Human Services

Head Start

Total Head Start Cluster

TRIO Cluster

Department of Education

TRIO- Talent Search

TRIO- Upward Bound

Total TRIO Cluster

Agency for International Development

Agency for International Development

USAID for International Development

Total Agency for International Development

Department of Education

COVID-19 - Education Stabilization Fund - Student Portion

COVID-19 - Education Stabilization Fund - Institutional Portion

Total Department of Education

Department of Health and Human Services

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

Grants to Provide Outpatient Early Intervention Services with
 Respect to HIV Disease

COVID-19 - Provider Relief Fund and American Rescue Plan
 (ARP) Rural Distribution

Total Department of Health and Human Services

Total Other Programs - Direct Awards

PASS-THROUGH FUNDS

WIOA Cluster

Department of Labor

WIA/WIOA Adult Program

Total WIOA Cluster

Pass-Through Entity
 Identifying Number

ALN

Current Year
 Expenditures

Pass-Through Funds
 to Sub recipients

11.307

\$ 706,227

\$ -

706,227

-

93.600

6,453,132

-

6,453,132

-

84.044

840,291

-

84.047

2,113,729

-

2,954,020

-

98.U01

62,892

-

62,892

-

84.425E

11,650,821

-

84.425F

50,000

-

11,700,821

-

93.153

720,230

-

93.918

253,098

-

93.498

6,436,100

-

7,409,428

-

29,286,520

-

AA-32213-18-55-A-6

17.258

166,951

-

166,951

-

The accompanying notes are an integral part of this Schedule.

University of Southern California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

SPONSOR				
OTHER PROGRAMS	Pass-Through Entity		Current Year	Pass-Through Funds
<u>PASS-THROUGH FUNDS</u>	Identifying Number	ALN	Expenditures	to Sub recipients
Health Center Program Cluster				
Health Center Program				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	H80CS00139	93.224	575,142	-
Total Health Center Program Cluster			575,142	-
Other Programs				
Corporation for National and Community Service				
AmeriCorps	CFDA-94.006-JS-SITE #331	94.006	80,410	-
Total Corporation for National and Community Service			80,410	-
Department of Agriculture				
CA-Department of Education	CACFP 19	10.U01	66,226	-
Department of Educ-Nutrition Services Division	04231-CACFP-19-NP-CS	10.558	83,170	-
Total Department of Agriculture			149,396	-
National Endowment for the Humanities				
Promotion of the Humanities_Federal/State Partnership	SO-253167-17	45.129	65	-
Total National Endowment for the Humanities			65	-
Department of Health and Human Services				
Foster Care_Title IV-E	Foster Care Title IV-E	93.658	18,808	-
Foster Care_Title IV-E	FCSP131713	93.658	1,857,304	-
Total Foster Care			1,876,112	-
Department of Health and Human Services				
HIV Emergency Relief Project Grants	H89HA00016-21	93.914	966,631	-
National Bioterrorism Hospital Preparedness Program	IU3REP190616-01-00	93.889	23,719	-
Total Department of Health and Human Services			990,350	-
USGOVT				
USGOVT	xxx-2017241G003	99.U01	367,712	-
USGOVT	16-C-0255	99.U02	713,531	166,889
USGOVT	Classified	99.U03	208,822	-
USGOVT	DHS-22-MQD-0056	99.U04	21,634	-
USGOVT	FA8750-20-C-1533	99.U05	152,941	-
USGOVT	N68335-21-C-0619	99.U06	7,354	-
USGOVT	2019-19031800002 (K026)	99.U07	13,197	-
Total USGOVT			1,485,191	166,889
Total Other Programs - Pass-Through Funds			5,323,617	166,889
Total Other Programs - Direct Awards and Pass-Through Funds			\$ 34,610,137	\$ 166,889
TOTAL FEDERAL PROGRAMS			\$ 1,296,964,786	\$ 107,622,599

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, 2022

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant transactions of the University of Southern California (the "University") recorded on the accrual basis of accounting.

Subrecipients and Pass-through Funding

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

Negative Balances

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

Note 2. Facilities and Administration Rates

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

The predetermined Facilities & Administration fixed rates for the year ended June 30, 2022 were reviewed by the Department of Health and Human Services for compliance with applicable cost principles.

For the year ended June 30, 2022, the base Facilities and Administration (Indirect Cost) Rate for on campus research was 65% of Modified Total Direct Cost ("MTDC"). Off-campus Facilities and Administration Rates were 26% for the Information Sciences Institute ("ISI"), Institute for Creative Technologies ("ICT") and all other off-campus projects.

Note 3. Assistance Listing Number (ALN)

Research and Development ("RD") programs included in the Schedule are presented by federal agency and major subdivision within the federal agency. Pass-through awards have been presented by pass-through entity and federal identification number or sponsor's award number, when available. When federal identification numbers are not available, federal awards are presented by federal agency number and "RD" is utilized for the federal identification number for the Research and Development Cluster and "U0X" is utilized for the federal identification number for federal awards outside of the Research and Development Cluster. Pass-through entity numbers or sponsor's award numbers that are not available are identified as unknown.

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 3. Assistance Listing Number (ALN) (Continued)

The following table below provides additional identification numbers for those RD and U0X direct award programs where ALN information was unknown:

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

Department of Commerce

Department of Commerce

Total Department of Commerce

Identifying Number

ALN

**Current Year
Expenditures**

**Pass-Through Funds
to Sub recipients**

SA18USC01

11.RD

\$ 27,148

-

27,148

-

Department of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

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Department Of Defense

Department Of Defense

Department Of Defense

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Department Of Defense

Department Of Defense

Department Of Defense

Department Of Defense

01-100-S-001

12.RD

5,965

-

011765-00002

12.RD

155,512

-

012193-00001

12.RD

94,898

-

012220-00001

12.RD

103,326

-

013579-00001

12.RD

1,479,595

-

013642-00001

12.RD

2,216

-

013747-00001

12.RD

126,961

-

014261-00001

12.RD

216,080

-

014457-00001

12.RD

283,722

-

014523-00001

12.RD

41,733

-

014604-00001

12.RD

74,375

-

015146-00001

12.RD

52,105

-

015171-00001

12.RD

39,078

-

015179-00001

12.RD

5,862

-

1008339_USC

12.RD

8,573

-

1012

12.RD

7,337

-

1019-029

12.RD

18,853

-

107558-Z9807202

12.RD

62,564

-

109974-Z9854201

12.RD

49,742

-

1136311

12.RD

20,419

-

1255982

12.RD

74,627

-

1351-2126

12.RD

97,000

-

1563-2255

12.RD

30,023

-

1880/USCISI

12.RD

164,039

-

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 3. Assistance Listing Number (ALN) (Continued)

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

	Identifying Number	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department Of Defense	19-EPA-RQ-07 Project 02USC21	12.RD	76,699	-
Department Of Defense	19-EPA-RQ-07 Project 03USC21	12.RD	22,655	-
Department Of Defense	19-EPA-RQ-07 Project 04USC21	12.RD	61,607	-
Department Of Defense	19-EPA-RQ-07 Project 05USC21	12.RD	130	-
Department Of Defense	19-EPA-RQ-07 Project USC02Lab20	12.RD	5,239	-
Department Of Defense	19-EPA-RQ-07 Project USC03HAN20	12.RD	1,874	-
Department Of Defense	1B-D22002	12.RD	4,868	-
Department Of Defense	2002885	12.RD	11,472	-
Department Of Defense	2005089260	12.RD	41,427	-
Department Of Defense	2017-17020200005	12.RD	1,850,217	130,835
Department Of Defense	2017-17071900005	12.RD	(5,593)	(5,593)
Department Of Defense	2019-19051600007	12.RD	2,527,978	713,379
Department Of Defense	2021-1156-24	12.RD	39,331	-
Department Of Defense	2021-21090200005	12.RD	843,707	-
Department Of Defense	2021-475-001	12.RD	682,142	-
Department Of Defense	2021-518	12.RD	447,307	-
Department Of Defense	20220005-S	12.RD	70,114	-
Department Of Defense	2022-21102100007	12.RD	963,356	45,043
Department Of Defense	2103056-01	12.RD	921	-
Department Of Defense	2103191-01	12.RD	1,196,417	-
Department Of Defense	2103221-07	12.RD	99,895	-
Department Of Defense	2103221-11	12.RD	53,859	-
Department Of Defense	2205673	12.RD	82,387	-
Department Of Defense	2239037	12.RD	33,775	-
Department Of Defense	2356526	12.RD	3,845	-
Department Of Defense	2555-002-1	12.RD	384,661	-
Department Of Defense	2620-1	12.RD	38,028	-
Department Of Defense	40001859-031	12.RD	200,876	-
Department Of Defense	4105410742	12.RD	2,918	-
Department Of Defense	587194	12.RD	17,911	-
Department Of Defense	61849381-134010	12.RD	233,786	-
Department Of Defense	7500174980	12.RD	30,708	-
Department Of Defense	805590	12.RD	301,244	-
Department Of Defense	80LARC21CA002	12.RD	196,878	-
Department Of Defense	97921-Z9683201	12.RD	343,141	-
Department Of Defense	A18-0111-S0001	12.RD	73,732	-
Department Of Defense	AR2SBAL19USC	12.RD	13,364	-
Department Of Defense	AWD00001126-2	12.RD	17,111	-
Department Of Defense	AWD-003001-S2	12.RD	56,784	-
Department Of Defense	AWD-101354-S1	12.RD	15	-

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 3. Assistance Listing Number (ALN) (Continued)

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

<u>DIRECT AWARDS</u>	<u>Identifying Number</u>	<u>ALN</u>	<u>Current Year Expenditures</u>	<u>Pass-Through Funds to Sub recipients</u>
Department Of Defense	CAL22-02	12.RD	37,541	-
Department Of Defense	CON-80003519 (GR114343)	12.RD	16,829	-
Department Of Defense	CW2062009	12.RD	8,752	-
Department Of Defense	D8650-S1	12.RD	167,931	-
Department Of Defense	D9722-S1	12.RD	242,082	-
Department Of Defense	FA330020C0063	12.RD	219,544	22,000
Department Of Defense	FA8650-17-C-7715	12.RD	427,505	81,727
Department Of Defense	FA8650-17-C-9116	12.RD	3,014,842	812,581
Department Of Defense	FA8650-18-C-7878	12.RD	1,717,934	303,049
Department Of Defense	FA8650-18-C-7884	12.RD	2,103,091	689,237
Department Of Defense	FA8650-20-C-1918	12.RD	554,925	-
Department Of Defense	H98230-18-C-0284	12.RD	177,674	-
Department Of Defense	HHSF223201710199C	12.RD	162,526	68,559
Department Of Defense	HQ051621F0032	12.RD	2,447	-
Department Of Defense	HR0011-15-C-0115	12.RD	219,343	172,567
Department Of Defense	HR001117C0053	12.RD	668,637	-
Department Of Defense	HR00111990060	12.RD	289,279	39,411
Department Of Defense	HR001119C0084	12.RD	4,894,345	1,824,808
Department Of Defense	HR00112090019	12.RD	(37)	-
Department Of Defense	HR00112090104	12.RD	378,990	-
Department Of Defense	HR001120C0088	12.RD	505,981	-
Department Of Defense	HR001120C0157	12.RD	2,027,101	432,688
Department Of Defense	HR001120C0174	12.RD	369,278	-
Department Of Defense	HR001120C0190	12.RD	265,388	-
Department Of Defense	HR00112190020	12.RD	611,641	-
Department Of Defense	HR00112190054	12.RD	53,109	-
Department Of Defense	HR00112190070	12.RD	163,527	-
Department Of Defense	HR00112190071	12.RD	382,698	-
Department Of Defense	HR00112190089	12.RD	550,829	-
Department Of Defense	HR00112190120	12.RD	539,311	-
Department Of Defense	HR00112190134	12.RD	398,120	-
Department Of Defense	HR001121C0168	12.RD	706,793	191,273
Department Of Defense	HR001121C0169	12.RD	886,504	262,886
Department Of Defense	HR00112290010	12.RD	190,569	-
Department Of Defense	HR00112290025	12.RD	223,618	-
Department Of Defense	HR001122C0063	12.RD	100,717	-
Department Of Defense	N00164-19-9-G006b	12.RD	500,492	-
Department Of Defense	N00244-16-D-0056	12.RD	38,889	-
Department Of Defense	N4175619C3033	12.RD	5,000	5,000

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 3. Assistance Listing Number (ALN) (Continued)

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS	Identifying Number	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department Of Defense	N6600120C4704	12.RD	50,120	-
Department Of Defense	Nimbus-F-1894-USC/ISI	12.RD	322	-
Department Of Defense	PO-0000025	12.RD	28,769	-
Department Of Defense	S23732010B-USC	12.RD	10,593	-
Department Of Defense	SB2126-001-1	12.RD	53,698	-
Department Of Defense	US-37-L-22-002	12.RD	3,535	-
Department Of Defense	W81XWH-16-C-0086	12.RD	320,220	-
Department Of Defense	W81XWH20C0039	12.RD	839,679	-
Department Of Defense	W911NF-14-D-0005-0001	12.RD	5,864,989	40,912
Department Of Defense	W911NF-14-D-0005-0002	12.RD	3,539,485	158,035
Department Of Defense	W911NF-14-D-0005-0005	12.RD	1,216,096	88,713
Department Of Defense	W911NF-14-D-0005-0006	12.RD	90,646	34,688
Department Of Defense	W911NF-14-D-0005-0007	12.RD	941,933	-
Department Of Defense	W911NF-14-D-0005-0008	12.RD	3,622,918	173,634
Department Of Defense	W911NF-14-D-0005-0009	12.RD	2,886,585	167,626
Department Of Defense	W911NF-14-D-0005-0010	12.RD	629,752	-
Department Of Defense	W911NF-17-C-0050	12.RD	1,682,858	850,802
Department Of Defense	W911NF-17-C-0094	12.RD	762,614	222,779
Department Of Defense	W911NF-18-C-0020	12.RD	1,033,374	77,947
Department Of Defense	W911NF19C0058	12.RD	934,219	131,288
Department Of Defense	W911NF21C0002	12.RD	986,079	199,203
Department Of Defense	W912HY21P0011	12.RD	14,001	-
Department Of Defense	FA8750-17-C-0106	12.RD	7,082	7,082
Department Of Defense	19-EPA-RQ-07 USC01Flow20	12.RD	32,613	-
Department Of Defense	19-EPA-RQ-07 Project 01USC21	12.RD	13,003	-
Department Of Defense	S5328-001	12.RD	66,799	-
Total Department of Defense			63,697,118	7,942,159

Department of Energy

Department of Energy	00010788	81.RD	41,243	-
Department of Energy	1912638	81.RD	1,137	-
Department of Energy	2095393	81.RD	45,948	-
Department of Energy	2160586	81.RD	897,259	-
Department of Energy	2269699	81.RD	58,502	-
Department of Energy	2277492	81.RD	10,582	-
Department of Energy	4000167346	81.RD	161,929	-
Department of Energy	500957	81.RD	92,627	-
Department of Energy	7486152	81.RD	19,945	-
Department of Energy	7551419	81.RD	16,051	-
Department of Energy	B643053	81.RD	31,631	-

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 3. Assistance Listing Number (ALN) (Continued)

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

DIRECT AWARDS

	Identifying Number	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department of Energy	N000382050	81.RD	120,019	-
Department of Energy	SUB-2021-10744	81.RD	37,768	-
Department of Energy	XAT-9-92219-01	81.RD	104	-
Total Department of Energy			1,534,745	-

Department of Health and Human Services

Department of Health and Human Services	013422-00001	93.RD	6,121	-
Department of Health and Human Services	013601-00001	93.RD	61,083	-
Department of Health and Human Services	014278-00001	93.RD	429,768	-
Department of Health and Human Services	014729-00001	93.RD	30,867	-
Department of Health and Human Services	015132-00001	93.RD	9,523	-
Department of Health and Human Services	1187 S WA191	93.RD	1,366	-
Department of Health and Human Services	119-PSC002-OY2	93.RD	31,922	-
Department of Health and Human Services	1790 G ZA115	93.RD	67,668	-
Department of Health and Human Services	20004916	93.RD	36,094	-
Department of Health and Human Services	21CTA-DM0042	93.RD	6,129	-
Department of Health and Human Services	6579-S14-11	93.RD	17,376	-
Department of Health and Human Services	6579-S14-15	93.RD	97,921	-
Department of Health and Human Services	75Q80120F32001	93.RD	19,822	-
Department of Health and Human Services	75Q80120F32002	93.RD	62,847	-
Department of Health and Human Services	75Q80121F32003	93.RD	44,495	-
Department of Health and Human Services	A19-0241-S002	93.RD	9,933	-
Department of Health and Human Services	HHSN261201800015I (75N91019F00129)	93.RD	1,205	-
Department of Health and Human Services	HHSN261201800015I (HHSN26100001)	93.RD	3,900,214	-
Department of Health and Human Services	SCON-00000252	93.RD	26,336	-
Total Department of Health and Human Services			4,860,690	-

Department of Homeland Security

Department of Homeland Security	HSBP1016J00813	97.RD	216,998	-
Total Department of Homeland Security			216,998	-

Department of Justice

Department of Justice	A201004372	16.RD	63,976	-
Department of Justice	SUB-NSS-21-0015	16.RD	355,688	-
Total Department of Justice			419,664	-

Department of the Interior

Department of the Interior	012246-00001	15.RD	66,342	-
Department of the Interior	013008-00001	15.RD	120,143	-
Total Department of the Interior			186,485	-

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 3. Assistance Listing Number (ALN) (Continued)

SPONSOR

RESEARCH & DEVELOPMENT CLUSTER

<u>DIRECT AWARDS</u>	Identifying Number	ALN	Current Year Expenditures	Pass-Through Funds to Sub recipients
Department Of Veterans Affairs				
Department Of Veterans Affairs	014527-00001	64.RD	40,615	-
Department Of Veterans Affairs	014534-00001	64.RD	52,860	-
Department Of Veterans Affairs	015013-00001	64.RD	16,485	-
Department Of Veterans Affairs	36C26220D0039 36C26220N0658	64.RD	62,713	-
Department Of Veterans Affairs	36C26220N0611	64.RD	(5,852)	-
Department Of Veterans Affairs	36C26221P0925	64.RD	19,025	-
Department Of Veterans Affairs	691C10217	64.RD	26,375	-
Total Department Of Veterans Affairs			212,221	-
National Aeronautics and Space Administration				
National Aeronautics and Space Administration	1553591	43.RD	18,521	-
National Aeronautics and Space Administration	1670409	43.RD	2,476	-
National Aeronautics and Space Administration	21-01419	43.RD	59,656	-
National Aeronautics and Space Administration	2583-002-2	43.RD	50,176	-
National Aeronautics and Space Administration	62401046-26967	43.RD	28,179	-
National Aeronautics and Space Administration	HST-GO-15659.002-A	43.RD	26,916	-
National Aeronautics and Space Administration	HST-GO-15869.001-A	43.RD	26,908	-
National Aeronautics and Space Administration	IOS #3315-USC	43.RD	39,981	-
National Aeronautics and Space Administration	SUBK00009857	43.RD	21,374	-
National Aeronautics and Space Administration	SUBK00016006	43.RD	90,672	-
Total National Aeronautics and Space Administration			364,859	-
National Science Foundation				
National Science Foundation	CMMI-2150227-002	47.RD	260,317	-
National Science Foundation	N0017320P0435	47.RD	53,629	-
National Science Foundation	OPP-1947362-002	47.RD	250,416	-
National Science Foundation	IIP-1929833	47.RD	298,180	-
Total National Science Foundation			862,542	-
Securities And Exchange Commission				
Securities And Exchange Commission	SCON-00000399	58.RD	72,352	-
Total Securities And Exchange Commission			72,352	-
OTHER PROGRAMS				
<u>DIRECT AWARDS</u>				
Agency for International Development				
USAID for International Development	8389.052.USC	98.U01	62,892	-
Total Agency for International Development			\$ 62,892	-

University of Southern California
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 4. Loans Outstanding

The following schedule represents loans outstanding by the University for the year ended June 30, 2022:

	Loans
	Outstanding
Federal Perkins Loans	\$ 17,037,511
Health Professional Student Loans	16,289,400
Loans for Disadvantaged Students	1,564,141

Note 5. Commingled Assistance

The California Student Aid Commission (CSAC) administers the State Cal Grant A and B Programs, selects the student recipients of these grant awards, and provides funds to participating institutions for disbursement. In fiscal year 2022, the University received Cal Grant A and B funds in the amount of \$26,560,281; however, CSAC is unable to determine the exact amount of Federal Temporary Assistance for Needy Families (TANF) funds, if any, represented in those awards. Therefore, the Schedule does not include State Cal Grant A and B awards.

Note 6. Department of Health and Human Services – Provider Relief Funds

The University was the recipient of funding under assistance listing number 93.498, Provider Relief Fund (“PRF”), and as required based on guidance in the 2022 OMB Compliance Supplement, the Schedule includes all Period 2 funds received between July 1, 2020 and December 31, 2020 and expended by June 30, 2022 as reported to the Department of Health and Human Services via the PRF Reporting Portal. Additionally, no funds were received for Period 3 (January 1, 2021 through June 30, 2021).

The Schedule includes \$6,400,000 in lost revenue. Lost revenue does not represent an expenditure in the University's financial statements and thus is a reconciling item between the federal expenses in the University's financial statements and the amount included on the Schedule.



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

To the Board of Trustees of the University of Southern California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the University of Southern California and its subsidiaries (collectively the “University”), which comprise the consolidated balance sheet as of June 30, 2022, and the related consolidated statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the “consolidated financial statements”), and have issued our report thereon dated December 21, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.



Report on Compliance and Other Matters

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

University's Response to Findings

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

Purpose of this Report

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

PricewaterhouseCoopers LLP

Los Angeles, California
December 21, 2022



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

To the Board of Trustees of the University of Southern California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the University of Southern California and its subsidiaries' (collectively the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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



Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB Compliance Supplement, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 13 "Gramm-Leach-Bliley Act-Student Information Security." This section includes three suggested audit procedures with respect to verification that the institution (1) designated an employee or employees to coordinate the information security program, (2) performed a risk assessment that addresses the three required areas in 16 CFR 314.4(b), and (3) documented a safeguard for each risk identified. Our procedures in relation to these three items were limited to inquiry of and obtaining written representation from management and obtaining and reading management's documentation related to these three items. Our procedures did not include an analysis of the adequacy or completeness of the risk assessment performed or the safeguards for each risk identified by management.



The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PricewaterhouseCoopers LLP

Los Angeles, California
March 31, 2023

**University of Southern California
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Assistance Cluster
84.425E and 84.425F	COVID-19 - Education Stabilization Fund – Student Portion and Institutional Portion
93.498	COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution
93.914	HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)

Dollar threshold used to distinguish between type A and type B programs: \$3,890,894

Auditee qualified as low-risk auditee? yes no

University of Southern California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II – Financial Statement Findings

Finding 2022-001: Revision of prior period consolidated financial statements (Significant Deficiency)

Criteria

When obtaining an understanding of controls that are relevant to the audit, the auditor should evaluate the design of those controls and determine whether they have been implemented by performing procedures in addition to inquiry of the entity's personnel. (Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement AU-C 315).

Condition

In connection with the preparation of the consolidated financial statements for the year ended June 30, 2022, the University revised its previously issued June 30, 2021 consolidated financial statements. The revisions reflected the correction of certain prior period errors in the consolidated balance sheet, statement of activities, and notes to the consolidated financial statements. The errors had no impact on the previously issued statement of cash flows. The revisions primarily related to historical errors in intercompany eliminations between the University and the USC Health System. For details of the revisions please see Footnote 1 within the consolidated financial statements.

Cause

Several years of immaterial intercompany eliminations related to the USC Health System were not corrected within the consolidated financial statements.

Effect

The amounts in the June 30, 2021 consolidated financial statements for the consolidated balance sheet, statement of activities, and notes to the consolidated financial statements, reflected immaterial errors. None of the errors were material to any previously issued consolidated financial statements or disclosures, nor were they material to the current year.

Questioned Costs

None noted.

Recommendation

We recommend management design and implement internal controls around review of intercompany balances.

Management's Corrective Action Plan

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

University of Southern California

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

Finding 2022-002: Reporting with the Health Resources & Services Administration (HRSA) Provider Relief Fund Portal

Federal Awarding Agency: Department of Health and Human Services (HHS)

Award Name: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Award Number: Various

Award Years: 1/1/2020-12/31/2021

Assistance Listing Title: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Assistance Listing Number: 93.498

Pass-through entities: Not applicable

Criteria

Law (Pub. L. No. 116-136, 134 Stat. 563 and Pub. L. No. 116-139, 134 Stat. 622 and 623) notes that Provider Relief Funds should be used to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus.

HRSA provided three options for assessing lost revenue at organizations per the HRSA Provider Relief Fund Lost Revenue Guide released in August 2021. The three different options to calculate the lost revenues are described below:

Option 1) Difference Between 2019 Actual and Total revenue/Net charges for patient care revenues (Actuals for each quarter during the period of availability versus 2019 Actuals).

Option 2) Difference Between 2020 and 2021 Budgeted and Actual Total revenue/Net charges for patient care revenues (Actuals for each quarter of availability versus Budgets for each quarter of availability). For organizations that selected option 2, an organization is required to have an Executive Level Attestation and Approval of their budget prior to March 27, 2020.

Option 3) Any reasonable method of estimating revenues (otherwise known as a hybrid approach).

Additionally, the Provider Relief Fund Lost Revenues Guide specifies that revenues not attributable to patient care are required to be excluded from the lost revenues calculation.

Condition

In March 2022, management submitted their Reporting Period 2 into the HRSA portal. Management selected option 2, Lost Revenue Reporting Method: 2020 and 2021 Budgeted Revenues, for the recognition of lost revenues in their HRSA portal submission. Through the testing of this special reporting, we identified that the budget for University of Southern California and its subsidiary entities, Keck Medical Center of USC, which houses Keck Hospital of USC and USC Norris Cancer Hospital, and USC Verdugo Hills Hospital (collectively “Keck Medical Center of USC”) for the period July 1, 2019 through June 30, 2020 (fiscal year 2020) was approved by the Board of Trustees (the “Board”) of the University on March 2, 2019. However, Keck Medical Center of USC’s budget for the period July 1, 2020 through June 30, 2021 (fiscal year 2021) was approved by the Board after March 27, 2020 on July 24, 2020, and the budget for the period July 1, 2021 through December 31, 2021 (the first six months of fiscal year 2022) was approved on June 2, 2021. Thus, the 2020 calendar year third and fourth quarters (July 1, 2020 through

December 31, 2020) and the 2021 calendar quarters (January 1, 2021 through December 31, 2021) were not approved by the Board prior to March 27, 2020. As a result, Keck Medical Center of USC incorrectly selected option 2 within their Period 2 reporting into the HRSA portal.

Note this finding was also identified during the fiscal year 2021 audit, however, there was not sufficient time for the University to remediate prior to the Period 2 submission deadline.

University of Southern California

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Additionally, the budgeted revenues submitted in the HRSA portal for Period 2 included revenues not attributable to patient care (as defined in the Provider Relief Fund Lost Revenues Guide). The actual revenues submitted in the HRSA portal for Period 2 appropriately excluded revenues not attributable to patient care. This resulted in lost revenues reported to the HRSA portal for Period 2 being overstated.

Cause

Keck Medical Center of USC misinterpreted the HRSA guidance and was not cognizant of the fact that all budgets within the period of availability for Reporting Period 2 which is January 1, 2020 through December 31, 2021 (including those periods falling within fiscal year 2020, fiscal year 2021, and fiscal year 2022) must be approved prior to March 27, 2020 in order to select option 2.

Keck Medical Center of USC was aware that revenues not attributable to patient care should not be included in the lost revenues calculation (as evidenced by management correctly excluding these amounts from the actual revenues reported in the HRSA portal for Period 2) but was not aware these amounts were included in the budget amounts reported in the HRSA portal for Period 2.

Effect

Keck Medical Center of USC misinterpreted the HRSA guidance and was not cognizant of the fact that all budgets within the period of availability for Reporting Period 2 which is January 1, 2020 through December 31, 2021 (including those periods falling within fiscal year 2020, fiscal year 2021, and fiscal year 2022) must be approved prior to March 27, 2020 in order to select option 2.

Additionally, the lost revenues reported to HRSA for Period 2 were overstated by the amount of revenues not attributable to patient care that were inappropriately included in budgeted revenues. However, as Keck Medical Center of USC has sufficient lost revenues excluding these amounts, there is no impact to its entitlement to the funding.

Questioned Costs

None noted.

Recommendation

We recommend management communicate the error in the Reporting Period 2 submission to HRSA as soon as possible to determine the best course of action to correct the error. Additionally, we recommend management design and implement an internal control around review of the HRSA guidance and the subsequent submissions in order to ensure proper review of all elements of the relevant guidance prior to submission to the portal.

Management's Corrective Action Plan

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

University of Southern California

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Finding 2022-003: Notifications of Disbursements to Students Sent Prior to 30 Days before Crediting a Student's Account

Federal Awarding Agency: Department of Education (ED)

Award Name: Federal Direct Student Loans

Award Number: Various

Award Years: 7/1/2021-6/30/2022

Assistance Listing Title: Federal Direct Student Loans

Assistance Listing Number: 84.268

Pass-through entities: Not applicable

Criteria

34 CFR 668.165(a)(3)(i) notes the timing of a Direct Loan or TEACH Grant notification varies depending on whether a school obtains *affirmative confirmation* from a student that he or she wants a loan or accepts the grant. Under affirmative confirmation, a school obtains written confirmation of the types and amounts of Title IV loans a student wants for the period of enrollment before the school credits the student's account with those loan funds.

This notification must be sent:

- *if the school obtains affirmative confirmation*, no earlier than 30 days before and no later than 30 days after crediting the student's account; or
- *if the school does NOT obtain affirmative confirmation*, no earlier than 30 days before and no later than 7 days after crediting the student's account.

Condition

34 Direct Loans were tested for disbursements, in which the University received affirmative confirmation for all Direct Loans. In 11 of the 34 cases, the notification of disbursement was sent greater than 30 days prior to the distribution date.

Cause

The Student Information System (SIS) is configured to send notifications of disbursement based on activity by students in requesting and accepting loans. If the student accepts a loan prior to the deadline, the system will send the notification based on the origination date rather than the disbursement date.

Effect

The disbursement notifications were sent to students earlier than 30 days prior to the disbursement.

Questioned Costs

None noted.

Recommendation

We recommend management adjust the configuration of the system to send notifications no more than 30 days prior to crediting a student's account, regardless of when the student accepts the loan.

Management's Corrective Action Plan

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

University of Southern California
Summary Schedule of Prior Audit Findings and Status
For the Year Ended June 30, 2022

Finding 2021-001: Reporting of subrecipient expenditures on the Schedule of Expenditures of Federal Awards

Federal Awarding Agency: Department of Health and Human Services; Department of Defense

Award Name: Various

Award Number: Various

Award Years: 2017 through 2020

Assistance Listing Title: Military Medical Research and Development, Basic Scientific Research, Human Genome Research, Mental Health Research Grants, Cancer Cause and Prevention Research, Aging Research

Assistance Listing Number: 12.420, 12.431, 93.172, 93.242, 93.393, 93.866

Pass-through entities: Various to the extent they pertain to certain Department of Health and Human Services / Department of Defense awards from 2017-2020

Condition

Management identified certain pass-through funds to subrecipients, which had not been separately reported on the Schedule in fiscal years 2017 through 2020. The expenditures were recorded correctly in total, against the two agencies referenced above, but the amount of expenditures passed through to subrecipients should have been higher than originally reported on the Schedule.

Current Status

PwC recommended that management ensure all object codes, where subrecipient costs are recorded, are properly included in the internal reporting when preparing the Schedule. This includes enhanced monitoring of where pass-through funds are recorded in the system, which has been addressed during the implementation of a new system.

The University implemented a new financial system on July 1, 2022, which tracks subrecipient expenditures by using four spend categories. The University's previous financial system allowed for the creation of multiple object codes for subrecipient expenditures that were not flagged to ensure expenditures were appropriately captured in the total subrecipient expenditure reporting. The University implemented new processes and procedures to ensure complete and accurate subrecipient expenditures.

With the new process in place, the University prepared the Fiscal Year 2022 SEFA, as such, the issue has been resolved and had no impact on the Fiscal Year 2022 SEFA.

University of Southern California
Summary Schedule of Prior Audit Findings and Status
For the Year Ended June 30, 2022

Finding 2021-002: Allocation of Higher Education Emergency Relief Fund (“HEERF I”) Funds

Federal Awarding Agency: Department of Education

Award Name: COVID-19 - Education Stabilization Fund - Student Portion

Award Number: P425E200208

Award Years: 2021

Assistance Listing Title: COVID-19 - Education Stabilization Fund - Student Portion

Assistance Listing Number: 84.425E

Pass-through entities: Not applicable

Condition

40 students were selected to be tested and ensure the costs charged to HEERF were allowable and conformed with the University’s policies and procedures for distributing the funds to students. Through the testing, it was noted that for one selection, awarded as part of HEERF I, the award to the student was applied directly to the student’s outstanding account balance versus being paid directly to the student. While subsequent guidance was issued that indicated a student can consent to having HEERF funds directly applied to their outstanding balance, this transaction occurred prior to that guidance being published. The total award to this student was \$500 and it was processed on September 25, 2020.

Current Status

After the Department of Education published guidance allowing students to consent to the application of emergency grants to their student accounts, the University implemented a process in April 2021 aligned with that guidance. With the new process in place, a student can consent to having HEERF funds directly applied to their outstanding balance.

University of Southern California
Summary Schedule of Prior Audit Findings and Status
For the Year Ended June 30, 2022

Finding 2021-003: Reporting with the Health Resources & Services Administration (HRSA) Provider Relief Fund Portal

Federal Awarding Agency: Department of Health and Human Services (HHS)

Award Name: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Award Number: Various

Award Years: 1/1/2020-6/30/2021

Assistance Listing Title: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Assistance Listing Number: 93.498

Pass-through entities: Not applicable

Condition

In November 2021, management submitted their Reporting Period 1 into the HRSA portal. Management selected option 2, Lost Revenue Reporting Method: 2020 Budgeted Revenues, for the recognition of lost revenues in their HRSA portal submission.

Through the testing of this special reporting, it was identified that the budget for University of Southern California and its subsidiary entities, Keck Medical Center of USC, which houses Keck Hospital of USC and USC Norris Cancer Hospital, and USC Verdugo Hills Hospital (collectively “Keck Medical Center of USC”) for the period July 1, 2019 through June 30, 2020 (fiscal year 2020) was approved by the Board of Trustees (the “Board”) of the University on March 2, 2019. However, Keck Medical Center of USC’s budget for the period July 1, 2020 through June 30, 2021 (fiscal year 2021) was approved by the Board after March 27, 2020 on July 24, 2020. Thus, the 2020 calendar year third and fourth quarters (July 1, 2020 through December 31, 2020) and the 2021 calendar year first and second quarters (January 1, 2021 through June 30, 2021) were not approved by the Board prior to March 27, 2020. As a result, Keck Medical Center of USC incorrectly selected option 2 within their period 1 reporting into the HRSA portal.

Current Status

Refer to Management's Corrective Action Plan on Finding 2022-002 in the section “Management's Views and Corrective Action Plan”.



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Management's Views and Corrective Action Plan

Management response to finding 2022-001: Revision of prior period consolidated financial statements (Significant Deficiency)

In connection with the preparation of the consolidated financial statements for the year ended June 30, 2022, the university revised its previously issued June 30, 2021 consolidated financial statements. The revisions reflect the correction of certain prior period errors in the consolidated balance sheet, statement of activities, and notes to the consolidated financial statements. The errors had no impact on the previously issued statement of cash flows. These revisions primarily relate to historical errors in intercompany eliminations between the university and the USC Health System. Management assessed the materiality of these errors and concluded they were not material to any previously issued consolidated financial statements or disclosures. However, management has revised the prior period to reflect the correction of the errors. For details of the revisions please see Footnote 1 within the consolidated financial statements. The Office of the Comptrollers has since put an emphasis on the review of the consolidated financial statements, specifically on the intercompany eliminations and balances.

Contact Person: Casandra Porter, Interim University Comptroller, casandra@usc.edu

Casandra Porter



OFFICE OF THE COMPTROLLER

Management's Views and Corrective Action Plan

Management response to finding 2022-002: Reporting with the Health Resources & Services Administration (HRSA) Provider Relief Fund Portal

Federal Awarding Agency: Department of Health and Human Services (HHS)

Award Name: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Award Number: Various

Award Years: 1/1/2020-12/31/2021

Assistance Listing Title: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Assistance Listing Number: 93.498

Pass-through entities: Not applicable

Management agrees with the auditor's findings and has concluded the incorrect option chosen was an inadvertent misinterpretation of the guidance. Please note this issue had no impact on the actual calculation of lost revenue nor did it result in a change to amounts recognized.

On behalf of the University, Victor Perez, Director of Finance, contacted HRSA officials on September 15, 2021. The purpose of this contact was to receive guidance from HRSA for resolution of the incorrect option selection (option 2 rather than option 3) for the University's Period 1 and Period 2 submissions. HRSA provided case number 00013184. HRSA informed the University they would not be reopening the portal, but HRSA would inform the University if any action was needed at a later date. We recommend management also contact HRSA to notify them of the inclusion of revenues not attributable to patient care in the budgeted revenues reported in the HRSA portal for Period 2.

Further when revising the lost revenues methodology for Period 3 and beyond, the HRSA portal is configured to automatically reset, and the user is prompted to re-enter lost revenues for Periods 1 and 2. As such, management will select option 3 for all future submissions and will ensure that both the budgeted revenues and the actual revenues do not include revenues not attributable to patient care. As of the reporting date of March 31, 2023, no further communication from HRSA has been received by the University.

Upon any future receipt of funds from a U.S. government program, management will design and implement an internal control around a secondary review of the most updated HRSA guidance and the subsequent submissions in order to ensure proper review of all elements of the relevant guidance prior to submission to the portal.

Contact Person: Sameer Alramahi, Corporate Controller, Keck Medicine of USC, sameer.aramahi@med.usc.edu

Sameer Alramahi



USC University of Southern California

OFFICE OF THE COMPTROLLER

Management's Views and Corrective Action Plan

Management response to finding 2022-003: Notifications of Disbursements to Students Sent Prior to 30 Days before Crediting a Student's Account

Federal Awarding Agency: Department of Education (ED)

Award Name: Federal Direct Student Loans

Award Number: Various

Award Years: 7/1/2021-6/30/2022

Assistance Listing Title: Federal Direct Student Loans

Assistance Listing Number: 84.268

Pass-through entities: Not applicable

As described in finding 2022-003, the Financial Aid Office ("FAO") provided loan disbursement notifications earlier than 30 days from actual disbursement for some borrowers. Our Student Information System (SIS) was programmed to send the notification at the time the loan was originated, which may have been earlier than 30 days before the date of disbursement. FAO has updated the trigger in SIS so that the notifications will now be sent as soon as we receive the booking notice from COD, which is shortly after each disbursement. This update will ensure the notice is provided no later than 30 days after the date of disbursement (34 C.F.R. § 668.165(a)(3)(i)).

Contact Person: Megan Chan, Associate Dean, Compliance and Training, Enrollment Services Financial Aid Office, chanmega@usc.edu

Megan Chan