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University of Southern California School of Social Work

Prepared for the:

Iowa Postsecondary Approval and Registration Administrator

Application for Approval and Registration of Postsecondary School

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Iowa College Student Aid Commission

Postsecondary Approval and Registration Administrator
200 10th Street, Fourth Floor
Des Moines, IA 50309 (515)
725-3470

Application for Approval and Registration of Postsecondary School Iowa Code Chapter 261B

Pursuant to Iowa Code Chapter 261B, the undersigned school applies for registration to conduct or maintain one or more courses of instruction, including courses of instruction by correspondence, where the courses are offered in Iowa or the school has a presence in Iowa and desires to offer courses in other states or foreign countries.

Submit a paper document and a complete duplicate in pdf format on a CD.
Applications may be submitted electronically by contacting the Postsecondary Approval Administrator at the Iowa College Student Aid Commission.

Applications for an initial approval and registration must include a *non-refundable* check for \$4,000 payable to the State of Iowa.

Applications fees are to be sent to:

Postsecondary Approval and Registration Administrator
200 10th Street, Fourth Floor
Des Moines, IA 50309

All items must be completed before the application will be considered as received by the Commission. Attach additional pages as needed to provide the requested information. Responses are required to have a minimum of a summary paragraph on this form. Responses that include only statements similar to "please see attached", will be considered incomplete. Other documents or materials may also be attached to support the application. Attachments must be tabbed and clearly marked on both the paper and pdf documents..

(Registrations must be renewed every four years or upon any substantive change in program offerings, location, or accreditation.)

Name of school and address of the principal office as defined in Iowa Code Section 490.140 or 510.141:
[(261B.4(2))] and [(261B.4(1))]

Name of School: University of Southern California
Suite: _____
Street: 669 West 34th Street MRF 210
City: Los Angeles
State: California
Zip: 90089
Country: United States
Telephone Number (including country or area code): (213) 740-2111

Type of corporation:

- For-profit
 Non-profit

Address of this school in all in other states, and in foreign countries:

Suite	Street	City	State	Zip	Country	Telephone
2704	288 Nanjing Rd West	Shanghai		200003	China	(86-21) 6137-5380
1305	1-3 Pedder Street	Hong Kong, Central			China	(852) 2501-0108
Hinoki #402	Azabudai 3-1-5	Minato-ku, Tokyo			Japan	81 (0) 3-3568-3312
Hana 16 th	Euljiro 2 Ga, 9-10, Jung-gu	Seoul		100-192	Korea	(82)(2) 773-0502
2 nd Floor	Prado Sur 140, Piso 2	Mexico City		11000	Mexico	(022 52 55) 5202-8822
7C03	5 Hsinyi Rd, Sec 5	Taipai		110	Taiwan	(886-2) 8789-5679
450	701 Penn Ave NW	Washington	DC	20004	USA	(202) 824-5860

Address of all locations in Iowa where instruction is to be provided

Suite	Street	City	State	Zip	Country	Telephone

Tuition charges, fees and other costs payable to the school by a student. [(261B.4(3))]

Program to be Offered in Iowa	Tuition	Fees	Books and Supplies	Other	Total
Master of Social Work	\$85,680	\$225 - Lab Fee	\$500 per semester	N/A	\$89,905

Refund policy of the school for the return of refundable portions of tuition, fees, or other charges [(261B.4(4))]
 If the refund policy is attached, please summarize the policy below.

Tuition is refundable entirely at the option of the university. Refunds will be computed as of the date on which a student cancels or drops a course through the Registration Department. Request for a refund must be made to the Cashier's Office. A student who registers for a course and drops it before the term or within 20% of the days in the term is eligible for a 100% refund. A student who registers and withdraws from the course (after 20% of the days in the term have elapsed) gets a mark of withdrawn in the course and no refund.

Students who are recipients of Title IV federal financial aid funds (federal Pell Grant, SEOG, Stafford Loan, PLUS Loan, Perkins Loan) and who withdraw from all classes after the refund deadline, may have their financial aid reduced even though their tuition charges are not refunded. Refer to Withdrawal Implications for Recipients of Financial Aid on page 53 of the USC Catalogue for more information.

The official refund policy can be found in the USC Catalogue attached under separate cover and online at:
<http://www.usc.edu/dept/publications/cat2010/tuition/>

Degrees granted by the school [(261B.4(5))]

Offered in Iowa [(261B.4(11))]

None

Offered outside of Iowa

The University of Southern California has 19 Schools and Colleges within the system and offers 95 Undergraduate majors along with 147 minors. The Graduate program offers 134 Master's, Doctoral, and professional degrees.

In an online format, in addition to the online MSW@USC, USC offers an online Master of Arts in Teaching degree, known as the MAT@USC

Name, business address and telephone number of the chief executive officer of the school: [(261B.4(7))]

Name: R. Paul Maiden, Director MSW@USC

Suite: _____

Street: 214 Montgomery Ross Fisher Building M/C 0411

City: Los Angeles

State: California

Zip: 90089-0411

Country: United States

Telephone Number (including country or area code): (213) 821-1308

Provide a copy or description of the means by which the school intends to comply with 261B.9 [(261B.4(8))]. Code section 261B.9 is as follows:

261B.9 DISCLOSURE TO STUDENTS.

Prior to the commencement of a course of instruction and prior to the receipt of a tuition charge or fee for a course of instruction, a school shall provide written disclosure to students of the following information accompanied by a statement that the information is being provided in compliance with this section:

1. The name or title of the course.
2. A brief description of the subject matter of the course.
3. The tuition charge or other fees charged for the course. If a student is enrolled in more than one course at the school, the tuition charge or fee for all courses may be stated in one sum.
4. The refund policy of the school for the return of the refundable portion of tuition, fees, or other charges. If refunds are not to be paid, the information shall state that fact.
5. Whether the credential or certificate issued, awarded, or credited to a student upon completion of the course or the fact of completion of the course is applicable toward a degree granted by the school and, if so, under what circumstances the application will be made.
6. The name of the accrediting agency recognized by the United States department of education or its successor agency which has accredited the school.

Response:

The six criteria listed above are all made available to students in both an online and printed form in the current year's USC Catalogue. A hardcopy of the Catalogue is enclosed under separate cover and the web address to access the catalogue is <http://www.usc.edu/dept/publications/cat2010/>

Any disclosure statements required by a state such as Iowa will be made publicly available on our website's legal page found at <http://msw.usc.edu/legal/>

Name, address, and telephone number of a contact person in Iowa. [(261B.4(10))]

Not Applicable

Name: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone Number (including country or area code): _____

Name, address, and title of the other officers and members of the legal governing body of the school:
[(261B.4(6))]

Officer Number 1

Name: Elizabeth Garrett, Provost and Senior Vice President for Academic Affairs
Suite: 102 Brovard
Street: ADM 102 M/C 4019
City: Los Angeles
State: California
Zip: 90089-4019
Country: United States
Telephone No. (including country or area code): (213) 740-2101

For officers 2 or more, add pages as needed:

Please see attachment 1

Owner Number 1

Names and addresses of persons owning more than 10% of the school: [(261B.4(6))]

Name: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone Number (including country or area code): _____

For owners 2 or more, add pages as needed

Name all agencies accrediting the institution. For each agency, include **name, address, telephone number, and**

whether the agency is recognized by the U.S. Department of Education. [(261B.4(9))] Attach copies of accreditation certificates of status for each agency. If the Iowa location is not accredited, provide accrediting agency certification that the Iowa location will be granted accreditation upon approval by the College Student Aid Commission. **Provide documentation that every location of applicant school is approved by the accrediting agency and in good standing, for all locations throughout the world.**

Accrediting agency 1 – please see attachment 2

Name: Western Association of Schools and Colleges (WASC)
Suite: 100
Street: 985 Atlantic Avenue
City: Alameda
State: California
Zip: 94501
Country: United States
Telephone Number (including country or area code): (501) 748-9001
Contact Person: Jamie Wilkins

Is this agency recognized by the U. S. Department of Education? Yes No

Accrediting Agency 2 – please see attachment 2

Name: Council on Social Work Education (CSWE)
Suite: 200
Street: 1701 Duke Street
City: Alexandria
State: Virginia
Zip: 22314
Country: United States
Telephone Number (including country or area code): (703) 683-8080
Contact Person: Judith Bremner

Is this agency recognized by the U. S. Department of Education? Yes No

Accrediting Agency 3

Name: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone No. (including country or area code): _____
Contact Person: _____

Is this agency recognized by the U. S. Department of Education? Yes No

Accrediting Agency 4+

Respond on a separate page:

Describe the procedures followed by the school for permanent preservation of student records. [(261B.4(12))]

The University Registrar's office follows the guidelines for student records retentions established by the California Postsecondary Education Commissions and the best practices adopted by AACRAO (American Association of College Registrars and Admissions Officers).

In the highly unlikely event that the University was to cease operations, student records would be transferred to another California institution of higher education selected in consultation with California's Postsecondary Education Commission.

Provide the contact information to be used by students and graduates who seek to obtain transcript information.

Name: Jim Feigart
 Suite: 106
 Street: Transcript Department, University of Southern California Building JHH
 City: Los Angeles
 State: California
 Zip: 90089-912
 Country: United States
 Telephone Number. (including country or area code): (213) 740-9230

List the states and approval or registration agencies for all states in which the school operates or maintains a presence.

State	Agency Name	Address	Contact Person	Telephone Number
Please see attachment 3				

Describe the academic and instructional methodologies and delivery systems to be used by the school and the extent to which the school anticipates each methodology and delivery system will be used, including, but not limited to, classroom instruction, correspondence, internet, electronic telecommunications, independent study, and portfolio experience evaluation. [(261B.4(13))]

To facilitate the program, a technology platform has been designed which can be used in both the online and on-campus MSW program. This platform incorporates the best of the web technologies- something that makes our program stand apart from its online competition. The platform's four key functionalities mirror those of a classroom-learning model:

Lecture: Lectures retain a role even in a highly interactive environment (the use of two cameras will add interest and visual depth). The platform allows for the easy construction of lectures using video, PowerPoint, animation, and many other media. The opportunity to use guest lecturers and simulations will serve to elaborate concepts and add depth and dimension to program content. Candidates will be encouraged to work in study groups, sharing observations or other experiences and discussing other issues of concern or interest.

Assistant Lecturers: During lectures or at any other time when candidates have questions, they can access assistant lecturers who will be available through the platform 16 to 24 hours a day to lead discussion groups and conduct office hours through video and whiteboard sessions.

Fellow Candidates: The platform uses Web 2.0 tools to stimulate discussion. These tools have become much more powerful over the past three years, and anyone using facebook.com and other online communities will find the tools familiar and compelling.

Residency: The platform will facilitate the coordination of the online learning with the residency and master teacher. Moreover, it will allow the program to move video "in both directions." We will give each candidate simple digital video camera: candidates will periodically upload videos of their field based experience and practicum for discussion and critique by USC faculty, masters and study groups.

Provide the name of every other State of Iowa agency required to approve the applicant school in Iowa, the school's contact person at the agency and the current status of that approval. Attach documentation in the form of a letter or certificate for each agency.

Agency Name	Contact Person	Telephone Number	Approval Status
Not applicable - licensure is not part of the program.			

Is the school subject to a limitation, suspension or termination (LST) order issued by the U.S. Department of Education?

Yes No

If yes, explain below.

Provide the name and contact information for a U. S. Department of Education official who can verify the LST statement.

N/A

Do you:

Enroll students in Iowa? Yes No

Employ Iowa faculty? Yes No

Do you intend to:

Enroll students in Iowa? Yes No

Employ Iowa faculty? Yes No

Describe current operations or plans to enroll students in Iowa or employ Iowa faculty.

The University plans to market the MSW@USC in Iowa via broad national internet based advertising as well

as targeted industry advertising on websites that potential students would frequent. Recruiting and admissions functions are conducted through direct phone contact once a potential student has shown an interest in learning more about the program and has submitted their information via internet with an understanding that we will use that information to be in contact with them and send them more information on the program. A potential student's contact information is never sold or distributed outside of this organization and is gained solely for the purpose of getting in touch with potential students.

USC does not currently employ any faculty in the State of Iowa and currently does not have any plans to do so.

Name, address, and telephone number of full-time employees in Iowa.

Name: _____
Suite: _____
Street: _____
City: _____
State: _____
Zip: _____
Country: _____
Telephone Number (including country or area code): _____

Will your school comply with *Iowa Code* section 261B.7 limiting the use of references to the Secretary of State, State of Iowa, or College Student Aid Commission in promotional material (See the *Iowa Code* for details)

Yes No

Will your school comply with the requirements of *Iowa Code* section 261.9(1)"e" to "g"? [

(See the *Iowa Code* for details.) Yes No

Does the school agree to file annual reports that the Commission requires from all Iowa colleges and universities?

Yes No

Attached a copy of the applicant school's most recent audit prepared by a certified public accounting firm no more than 12 months prior to the application and state below where, in the audit report, there is evidence that the auditor is providing an unqualified opinion.

The most recent (2010) Financial Report is attached (attachment 4) and can be found online at:

<http://www.usc.edu/private/factbook/USC.FR.2010.pdf>

Describe how students will be provided with access to learning resources, including appropriate library and other support services requisite for the schools' degree programs.

Library resources will be accessed by MSW students in two primary ways. The first is for primary course material – rather than use hard copy readers, faculty will provide references for materials via the syllabus. Through the off campus library portal, any student can then access those materials at no cost. We have been testing accessibility and are confident that there are few, if any, materials the USC library will not have access to. USC has more than 65,000 periodicals, journals and resources available online for students to access. In addition, there are over 700 databases available online. When a faculty member provides a syllabus to the library, the library will attempt to obtain resources for the course in an online format.

All distance students can check out books through our UPS mail services. Remote access to all USC subscribed databases is available to distance students and faculty. Our Iliad service offers instant document delivery (through e-mail) and interlibrary loan services to distance students and faculty.

Additionally, distance students and faculty have access to 24/7 reference through our Ask-A-Librarian service. USC's Ask-a-Librarian service provides professional reference assistance to students, faculty and staff. Patrons receive expert answers — via phone, email, online chat sessions or in person. Ask-A-Librarian is located online at www.usc.edu/libraries/services/ask_a_librarian.

Provide evidence that faculty within an appropriate discipline are involved in developing and evaluating curriculum for the program(s) to be registered in Iowa.

The school has developed a Curriculum Monitoring Structure (CMS) consisting of a series of summative assessments completed by and/or about students, faculty, administration and other key informants/stakeholders.

When combined, these assessments are used to measure the implementation and outcomes of each academic program goal and objective, and ultimately to evaluate the extent to which graduates have actually achieved the expected learning outcomes (i.e., competencies) addressed by the goals and objectives. Additionally, the CMS contains multiple formative assessments used to collect information about how students' experience the MSW program and the school, and how they progress through the program. In order to identify possible explanations for summative assessment findings, the CMS also evaluates program characteristics (e.g., program implementation, consistency in course delivery, and fidelity of courses and the program), student characteristics, and instructor characteristics and performance.

The Curriculum Monitoring Structure is anchored to and driven by the goals and objectives of the educational program and by the professional learning competencies each goal and objective is designed to address. Four educational objectives (objectives 1 - 4), which emanate from the school's three educational goals, drive curriculum development and delivery in the foundation year to produce students who: (1) demonstrate practice guided by values and ethics of the social work professions, build on social work history and are grounded in theoretical and empirical knowledge; (2) demonstrate understanding and respect for diversity and ability to effectively work with and across diverse client populations and systems; (3) utilize critical thinking and an informed and scientific approach in all aspects and phases of social work

practice and evaluation while beginning a course of lifelong learning; and (4) analyze and apply strategies of policy advocacy and social change that advance social and economic justice. Four educational objectives (objectives 5–8), which emanate from the school's three educational goals, drive advanced practice curriculum development and delivery in all five concentrations to produce students who: (5) develop, deliver, and evaluate services and supports within an area of advanced professional practice that respond to problems common in complex, diverse, urban settings; (6) work effectively with diverse populations, across disciplines and theoretical orientations and within multiple arenas in an area of advanced professional practice; (7) anticipate and respond to emerging social issues within local, national, and global contexts; and Faculty Intranet; (8) develop leadership skills to motivate, influence, and direct others in the achievement of professional goals in an area of advanced practice.

Provide evidence that the school has adequate physical facilities appropriate for the program(s) to be offered and are located in the state. Include a copy of a signed agreement for a facility purchase or lease or option to purchase or lease. Please include a photograph of the location.

Not applicable - the school will not have any physical facilities in the State of Iowa as the program will be offered in a purely online format.

Include a statement, signed by the chief executive officer of the applicant school, on school letterhead, demonstrating the school's commitment to the delivery of programs located in Iowa, and agreeing to provide alternatives for students to complete programs at other institutions if the applicant school closes the program before students have completed their courses of study.

Please see attachment 5

Provide an organizational plan that shows the location and physical address, telephone number, fax number and contact information for all internet-based and site-based educational locations, administrative, and service centers operated by the applicant and any parent organization.

USC School of Social Work
669 West 34th St
MRF 210
Los Angeles, CA 90089

Provide documentation showing the school's policy for the resolution of student and graduate comments and complaints. Provide complete contact information to which complainants may be referred.

Student Complaints and Grievances can be referred to:

Jody Shipper
Office of Equity and Diversity
Credit Union Building
3720 South Flower Street 2nd Floor
Los Angeles, CA 90089
(213) 740-5086

The policies governing the grievance and complaints process can be located in the handbook and online at:

<http://web-app.usc.edu/scampus/student-grievance-procedures/>
<http://web-app.usc.edu/scampus/academic-policies/#evaluationprocedures>
<http://web-app.usc.edu/scampus/university-governance/>

Provide a copy of a current Certificate of Authority provided by the applicant's home state and the Iowa Secretary of State.

The University of Southern California is registered with the California Secretary of State as well as the Iowa Secretary of State. A copy of each of the California Articles of Incorporation and Iowa Certificate of Authority is attached (attachment 6) to this application.

Provide the U.S. Department of Education cohort default rate for each associated organizational entity for which the U.S. Department of Education reports a cohort default rate.

The University of Southern California's cohort default rate is based upon the most recent available data compiled from Fiscal Years 2006, 2007, and 2008 with the default rates being calculated at .4%, .7%, and 1.3% respectively. This cohort default rate information is attached (attachment 7) can be found online at: http://www.nslds.ed.gov/nslds_SA/defaultmanagement/cohortdetail.cfm?sno=1&ope_id=001328

Provide the average debt upon graduation of individuals completing programs at each branch location and the entire organization,

The average indebtedness of a graduate of the University of Southern California is \$30,090. Of all full-time matriculated undergraduates who enrolled in 2008, 8,671 applied for aid, 6,400 were judged to have need, 5,931 had their need fully met. This and other information regarding financial aid and student debt is available at Peterson's College Search and can be found online at: http://www.petersons.com/college-search/university-of-southern-california-cost-and-financial-aid-000_10004075_10003.aspx

Provide the U. S. Department of Education cohort graduation rate for each branch location and the total organization, showing rates for graduates of diploma, two-year, and four-year, programs if those rates are reported to the U. S. Department of Education National Center for Education Statistics.

USC's current graduation rate is 88%. The calculation is based on 2,869 full-time, first-time, degree-seeking undergraduates who entered the university in fall 2003 and graduated within six years of attendance (150% of the normal completion time). Graduation rates do not include students who left school to serve in the armed forces or on official church missions or with a foreign aid service of the federal government, or students who died or were totally and permanently disabled. This information from the National Center for Education Statistics is attached and can also be found online at: <http://nces.ed.gov/collegenavigator/?q=University+of+Southern+California&s=all&id=123961#retgrad>

SIGNATURE

Applicant School Chief Executive Officer

R. Paul Maiden
Name

Vice Dean, Academic Affairs
Title

R Paul Maiden
Signature

4/21/11
Date

If any information in this application changes between the time of application Commission action, the school must inform the Commission by filing an Amended Application clearly indicating the information which is being amended. Amendments must be received before the Commission takes action.

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president@usc.edu
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Athletics Compliance Division

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Los Angeles, CA 90089-0602



Western Association of Schools and Colleges

Accrediting Commission for Senior Colleges and Universities

Statement of Accreditation Status

University of Southern California

University Park Campus
 Los Angeles, CA 90089-0012
 213-740-2311
 Fax: 213-740-9048
<http://www.usc.edu>

Chief Executive Officer:	Max Nikias, President
Accreditation Liaison Officer:	Robin Romans, Associate Provost for Undergraduate Programs
Institutional Type:	Private, Non-profit
Sponsorship or Control:	
Academic Calendar:	Semester Plan
FTE Enrollment:	Undergraduate (16314); Graduate (13729)
Degree Levels:	B (153), M (252), P (46), D (83)

To view a listing of the distance education and off-campus programs, please click on the hyperlink below:

<http://registration.wascsenior.org/institutions/offCampus.aspx?InstID=131>

Current Accreditation Status:	Accredited
First Accredited:	2/28/1949
Granted Candidaey:	1/1/1900
Most Recent Commission Action:	2/20/2009
Last Visit Evaluation:	10/29/2008

Scheduled Visits and Reports:

FALL 2010 -- Comprehensive, Educational Effectiveness
 SPRING 2010 -- Report, Substantive Change Review

From: Jamie Wilkins [mailto:JWilkins@wascsenior.org] **Sent:** Wednesday, August 11, 2010 11:28 AM **To:** rromans@usc.edu; Paul Maiden **Cc:** Sharyl McGrew; Jamie Wilkins **Subject:** WASC Subchange Review - Commission Approval: USC - MSW (Please print) **Importance:** High

Dear ALO:

This email serves as official notice that the following proposal has been granted final approval by the commission of the WASC Accrediting Commission for Senior Colleges and Universities:

**UNIVERSITY OF SOUTHERN CALIFORNIA
MASTER OF SOCIAL WORK
(DISTANCE EDUCATION PROGRAM)**

DATE OF COMMISSION APPROVAL: AUGUST 6, 2010

Please print and retain this email for your records. You may also record your date and approval of Commission Ratification on your Subchange Action Report, which was previously sent with interim approval notification.

Attached is the Program Implementation Form. Please fill it out and return to the WASC office within 30 days of the program start date. Please note that the submission of this form is required to confirm the existence of the program and will trigger inclusion of the program on the Off-Campus Distance Education Report area of the WASC website for purposes of financial aid eligibility verification by the U.S. Department of Education.

If you have any questions, please contact:

Ralph A. Wolff
rwolf@wascsenior.org

JAMIE WILKINS
Accreditation Resources Coordinator
WASC - Senior College Commission
985 Atlantic Avenue, Suite 100
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(510) 748-9797 fax
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University of Southern California (Organization)

Program Level: Masters

Accreditation Status: Accredited

Organization Contact

Address: School of Social Work MRF Building, Room 214 699 W. 34th St.
Los Angeles, CA 90089-0411

Phone: 213-740-2711

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Primary Contact: Ms. Marilyn S. Flynn

Website: <http://www.usc.edu/dept/socialwork/>

Accreditation Date: 1922 - Oct 2017

Alabama	Alabama Commission on Higher Education 100 North Union Street, Montgomery, Alabama 36104
Elizabeth C. French, Director	
Arkansas	Arkansas Department of Higher Education 114 E. Capitol Little Rock, 72201
Zanetic Douglas, Institutional Certification Coordinator	
California	Bureau of Private Postsecondary Education P. O. Box 980818, W. Sacramento, CA 95798-0818
Nicholas Robinson, Correspondence and Report Coordinator, Licensing Unit	
Indiana	Commission on Proprietary Education 302 West Washington Street Room E201, Indianapolis IN 46204
Ross Miller, Director of Accreditation and Regulatory Compliance	
Kansas	Kansas Boards of Regents 1000 SW Jackson Suite 520, Topeka KS 66612
Naomi Adams, Senior Administrative Assistant	
Louisiana	Board of Regents PO Box 3677, Baton Rouge LA 70821
Dr. Larry Tremblay, Acting Deputy Commissioner for Academic and Student Affairs	
Minnesota	Minnesota Office of Higher Education 1450 Energy Park Drive, Suite 350, St. Paul MN 55108
George R. Roedler Jr., Private Institutions Registration	
Missouri	Coordinating Board for Higher Education 3515 Amazonas Drive, Jefferson City, MO 65109
Leroy Wade, Assistant Commissioner	
Nebraska	Nebraska Coordinating Commission for Postsecondary Education P.O. Box 95005, Lincoln, Nebraska 68509
Kathleen Fimple, Academic Programs Officer	
New Mexico	New Mexico Higher Education Commission 2048 Galisteo, Santa Fe NM 87505
Stephanie A. Ellis	
North Dakota	North Dakota Department of Career and Technical Education State Capitol 15th Floor, 600 East Boulevard Avenue, Dept. 270, Bism
Debra Huber, Administrator	
Washington	State of Washington Higher Education Coordinating Board 917 Lakeridge Way SW, PO Box 43430, Olympia WA 98504
Michael J. Ball	
West Virginia	West Virginia Higher Education Policy Commission 1018 Kanawha Boulevard East, Suite 700, Charleston WV 25301
Dr. Kathy Butler, Director of Academic Affairs	
Wisconsin	State of Wisconsin Educational Approval Board 30 West Mifflin Street, PO Box 8696, Madison WI 53708
Patrick J. Sweeney	
Wyoming	Department of Education State of Wyoming 2300 Capitol Avenue, Hathaway Building 2nd Floor, Cheyenne WY 8
Samantha Mills, Private School Licensing	

Report of Independent Auditors

The Board of Trustees of the University of Southern California

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of activities, expenses, and cash flows, which appears on pages 14 through 31, present fairly, in all material respects, the consolidated financial position of the University of Southern California and its subsidiaries (the "university") at June 30, 2010, and the changes in their consolidated net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the university's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the university's 2009 financial statements, and in our report dated September 30, 2009, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Los Angeles, California
September 30, 2010

Highlights

	June 30 2010	June 30 2009
Financial (in thousands)		
Total revenues	\$3,129,148	\$1,321,283
Total cash gifts and equipment gifts	\$479,212	\$399,973
Capital expenditures	\$248,036	\$521,354
Total assets at year end	\$6,464,226	\$5,933,398
Total debt at year end	\$923,775	\$913,267
Increase (decrease) in net assets	\$430,875	(\$870,386)
Market value of endowment	\$2,947,978	\$2,671,426
Executed contracts, grants, subcontracts and cooperative agreements	\$985,029	\$718,975
Property, plant and equipment, net	\$2,049,198	\$1,935,231
Net Asset Balances:		
Unrestricted	\$2,288,314	\$2,016,713
Temporarily restricted	\$1,039,472	\$945,644
Permanently restricted	\$1,409,146	\$1,343,700
Students		
Enrollment (head count, autumn):		
Undergraduate students	16,751	16,608
Graduate and professional students	18,073	17,139
Degrees conferred:		
Bachelor degrees	4,259	4,295
Advanced	6,191	6,158
Certificates	279	240
Annual tuition rate	\$38,570	\$37,114
Faculty and Staff		
Faculty	4,462	4,292
Staff	10,659	8,531

Consolidated Balance Sheet

In thousands | with summarized financial information as of June 30, 2010

	June 30 2010	June 30 2009
Assets		
Cash and cash equivalents	\$742,409	\$682,399
Accounts receivable, [see Note 3]	229,614	151,157
Notes receivable, net of allowance for doubtful accounts, \$9,841 (2010), \$9,849 (2009)	84,433	86,589
Pledges receivable, [see Note 9]	177,095	193,813
Investments, [see Note 4]	3,070,397	2,776,476
Inventories, prepaid expenses and other assets	111,080	107,733
Property, plant and equipment, net, [see Note 5]	2,049,198	1,935,231
Total Assets	\$6,464,226	\$5,933,398
Liabilities		
Accounts payable	\$138,686	\$101,039
Accrued liabilities	187,797	157,478
Refundable advances	41,187	43,866
Current portion of long-term debt	3,885	3,690
Deposits and deferred revenue	121,663	111,869
Actuarial liability for annuities payable	137,195	132,330
Federal student loan funds	67,825	67,658
Asset retirement obligations	93,831	89,527
Long-term debt, [see Note 6]	919,890	909,577
Other liabilities	15,335	10,307
Total Liabilities	1,727,294	1,627,341
Net Assets		
Unrestricted	2,288,314	2,016,713
Temporarily restricted	1,039,472	945,644
Permanently restricted	1,409,146	1,343,700
Total Net Assets	4,736,932	4,306,057
Total Liabilities and Net Assets	\$6,464,226	\$5,933,398

The accompanying notes are an integral part of this statement

Consolidated Statement of Activities

(in thousands) with summarized financial information for the year ended June 30, 2009

	Year Ended June 30, 2010				Year Ended June 30, 2009
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets	Total Net Assets
	A	B	C	D	E
Revenues					
1 Student tuition and fees	\$1,152,480			\$1,152,480	\$1,065,342
2 Less financial aid	(325,467)			(325,467)	(320,161)
3 Net student tuition and fees	827,013			827,013	745,181
4 Endowment income	49,720		\$374	50,094	62,397
5 Investment and other income	10,654		231	10,885	7,714
6 Net appreciation (depreciation) in fair value of investments	99,810	\$183,448	13,198	296,456	(903,089)
7 Government contracts and grants	285,571			285,571	255,864
8 Recovery of indirect costs	118,896			118,896	111,588
9 Gifts and pledges	414,557	14,003	62,749	491,309	392,898
10 Sales and service	31,221			31,221	32,513
11 Auxiliary enterprises	225,363			225,363	226,972
12 Net patient service revenues	592,669			592,669	101,559
13 Professional services agreements	108,625			108,625	102,983
14 Clinical practices	11,997			11,997	80,427
15 Other	89,813			89,813	81,068
16 Present value adjustment to annuities payable		(4,600)	(6,164)	(10,764)	23,208
17 Net assets released from restrictions / redesignations	103,965	(99,023)	(4,942)		
18 Total Revenues	2,969,874	93,828	65,446	3,129,148	1,321,283
Expenses					
19 Educational and general activities	1,800,354			1,800,354	1,766,739
20 Health care services	714,606			714,606	273,526
21 Depreciation and amortization	142,471			142,471	120,044
22 Interest on indebtedness	40,842			40,842	31,360
23 Total Expenses	2,698,273			2,698,273	2,191,669
24 Increase (Decrease) in Net Assets	271,601	93,828	65,446	430,875	(870,386)
25 Beginning Net Assets	2,016,713	945,644	1,343,700	4,306,057	5,176,443
26 Ending Net Assets	\$2,288,314	\$1,039,472	\$1,409,146	\$4,736,932	\$4,306,057
Nature of specific net assets:					
27 Internally designated	\$52,049			\$52,049	\$4,883
28 Gift and departmental	444,993			444,993	366,138
29 Externally restricted		\$47,425	\$34,234	81,659	71,377
30 Pledges		117,212	59,883	177,095	193,813
31 USC/Norris Cancer Center Foundation					102
32 Unexpended endowment income	163,490			163,490	152,098
33 Annuity and living trusts		38,915	75,848	114,763	109,669
34 True endowment and net appreciation		835,920	1,239,181	2,075,101	1,914,485
35 Funds functioning as endowment	872,877			872,877	756,941
36 Debt service funds	70,887			70,887	69,886
37 Invested in plant	684,018			684,018	666,665
38	\$2,288,314	\$1,039,472	\$1,409,146	\$4,736,932	\$4,306,057

The accompanying notes are an integral part of this statement

Consolidated Statement of Expenses

Academic, Health Care and Student Services

	Instruction, Departmental Research and Activities	Sponsored Research	Libraries and Art Galleries	Health Care Services	Student Services
Compensation	\$622,474	\$156,213	\$14,564	\$338,223	\$27,248
Fringe benefits	139,346	41,948	4,626	93,183	8,447
Materials and supplies	102,355	82,774	7,386	250,831	9,243
Cost of goods sold	9,361	17,736			52
Utilities				5,682	
Travel	24,230	7,242	133	87	1,675
Telephone					
Other	38,933	1		17,429	1,056
	836,699	305,914	26,709	705,435	47,721
Allocations					
Depreciation	43,014	22,565	7,855	24,711	5,483
Interest	10,912			500	5,198
Plant operations and maintenance	67,570	29,017	10,044		9,174
Total Expenses	\$958,195	\$357,496	\$44,608	\$730,646	\$67,576

The accompanying notes are an integral part of this statement

Support Services

Plant Operations and Maintenance	Administration	General Institutional	Fund Raising Activities	Auxiliary Enterprises Operations	Year Ended June 30, 2010	Year Ended June 30, 2009
F	G	H	I	J	K	L
\$39,207	\$63,382	\$43,623	\$15,771	\$63,238	\$1,283,943	\$1,053,501
12,946	20,800	14,832	5,227	19,376	360,731	326,893
68,588	55,939	6,337	7,092	57,680	648,225	455,167
476		3,559		47,113	78,297	72,888
29,040					34,722	29,349
54	1,316	301	573	5,001	40,612	38,873
6,542					6,542	7,756
		167	354	3,948	61,888	55,838
156,853	141,437	68,819	29,017	196,356	2,514,960	2,040,265
	3,932	4,617	248	30,046	142,471	120,044
91		23,936		205	40,842	31,360
(156,944)	2,687	7,364	342	30,746		
	\$148,056	\$104,736	\$29,607	\$257,353	\$2,698,273	\$2,191,669

Consolidated Statement of Cash Flows

(in thousands) | with summarized financial information for the year ended June 30, 2009

	Year Ended June 30, 2010	Year Ended June 30, 2009
	A	E
Cash Flows from Operating Activities		
Change in Net Assets	\$430,875	(\$870,386)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
✓ Depreciation and amortization	142,471	120,044
✓ Loss on the disposal/sale of plant assets	6,247	6,558
✓ In-kind receipt of securities, property, plant and equipment	(30,097)	(15,766)
✓ Present value adjustment to annuities payable	10,723	(22,839)
✓ Increase in accounts receivable	(50,018)	(90,085)
✓ (Increase) decrease in pledges receivable	(11,421)	2,235
✓ (Increase) decrease in inventories, prepaid expenses and other assets	(17,277)	22,466
✓ Increase in accounts payable	13,189	26,356
✓ Increase in accrued liabilities	32,310	36,335
✓ (Decrease) increase in refundable advances	(2,679)	391
✓ Increase in deposits and deferred revenue	9,794	4,512
✓ Increase (decrease) in other liabilities	315	(2)
✓ Contributions restricted for permanent investment and property, plant and equipment	(119,366)	(95,321)
✓ Net realized (gain) loss on sale of investments	(103,475)	321,963
✓ Net unrealized (appreciation) depreciation in investments	(193,212)	581,126
✓ Net cash provided by operating activities	118,379	27,587
Cash Flows from Investing Activities		
✓ Proceeds from note collections	10,987	11,362
✓ Notes issued	(8,831)	(12,935)
✓ Proceeds from sale and maturity of investments	1,350,095	2,178,906
✓ Purchase of investments	(1,314,906)	(1,935,246)
✓ Purchase of property, plant and equipment, net	(248,036)	(233,554)
✓ Acquisition of hospitals		(287,800)
✓ Net cash used in investing activities	(210,691)	(279,267)
Cash Flows from Financing Activities		
Contributions restricted for permanent investment:		
✓ Endowment	63,104	28,988
✓ Plant	79,633	70,802
✓ Trusts and other	4,768	973
✓ Repayment of long-term debt	(94,050)	(4,466)
✓ Proceeds from issuance of long-term debt	104,558	415,505
✓ Increase in federal student loan funds	167	804
✓ Investment losses on annuities payable	(2,106)	(11,022)
✓ Payments on annuities payable	(12,659)	(13,445)
✓ Increase to annuities payable resulting from new gifts	8,907	3,133
✓ Net cash provided by financing activities	152,322	491,272
✓ Net increase in cash and cash equivalents	60,010	239,592
✓ Cash and cash equivalents at beginning of year	682,399	442,807
✓ Cash and cash equivalents at end of year	\$742,409	\$682,399

The accompanying notes are an integral part of this statement.

Notes to Consolidated Financial Statements

Note 1

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

The University of Southern California is a not-for-profit, major private research university. The consolidated financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and with the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide, "Not-for-Profit Entities," which requires the university to classify its net assets into three categories according to donor-imposed restrictions or provisions of law: unrestricted, temporarily restricted, or permanently restricted. All material transactions between the university and its subsidiaries have been eliminated.

The university is generally exempt from federal income taxes under the provisions of Internal Revenue Code Section 501 (c) (3). The university is also generally exempt from payment of California state income, gift, estate and inheritance taxes.

Unrestricted net assets:

Education and general: Education and general include the revenues and expenses associated with the principal educational mission of the university.

Health care services: Health care services are reflective of the revenues and expenses associated with USC University Hospital, USC Norris Cancer Hospital, the Health Care Consultation Center, the Professional Services Agreement with Los Angeles County and USC Care Medical Group, Inc., a primary care and multi-specialty physician practice corporation.

Sponsored research and departmental activities: Sponsored research agreements recognize revenue as it is earned through expenditure in accordance with the agreement. Any funding received in advance of expenditure is recorded as refundable advances. Departmental net assets include gifts to the university and its various schools and departments. The university has determined that any donor-imposed restrictions of gifts for current or developing programs and activities are generally met within the operating cycle of the university and, therefore, the university's policy is to record these net assets as unrestricted. Internally designated net assets are those which have been appropriated by the Board of Trustees or designated by management.

Unexpended plant and debt service funds: Unexpended plant and debt service net assets include gifts and income earned on unexpended balances for capital projects which are currently under construction and transfers from the operating budget to fund the debt service requirements for outstanding bonds, notes and mortgages payable. The university follows the policy of lifting the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the restrictions are fulfilled or the assets are placed in service.

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

Long-term investment: Long-term investments include gifts and Board of Trustee designations to funds functioning as endowment, realized and unrealized gains and reinvested income (income earned in excess of the spending rule) on all endowment funds.

Student loan: Student loan net assets include lending activity to students utilizing university resources designated for that purpose.

Temporarily restricted net assets:

Gifts for which donor imposed restrictions have not been met (primarily future capital projects), charitable remainder unitrusts, pooled income funds, gift annuities, net appreciation on true endowment and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted are included in temporarily restricted net assets.

Permanently restricted net assets:

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

Notes to Consolidated Financial Statements

Note 1 (continued)

Other accounting policies:

The financial statements present expenses 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.

Cash equivalents consist of resources invested in money market funds.

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

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

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

The university receives federal reimbursement for a portion of the costs of its facilities and equipment used in organized sponsored research. The Office of Management and Budget, Circular A-21, establishes principles for determining such reimbursable costs, requires conformity of the lives and methods used for federal cost reimbursement accounting and financial reporting purposes. The university's policies and procedures are in conformity with these principles.

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

The university's split interest agreements with donors consist primarily of gift annuities, unitrusts, pooled income funds and life estates. For irrevocable agreements, assets contributed are included in the university's investments and stated at fair value. Contribution revenue is recognized at the date each trust is established after recording liabilities for the actuarially-determined present value of the estimated future payments to be made to the beneficiaries. The actuarial liability is discounted at an appropriate risk-adjusted rate at the inception of each agreement and the applicable actuarial mortality tables. Discount rates on split-interest agreements range from 3.3% to 9.5%. The liabilities are adjusted during the terms of the trusts for changes in the fair value of the assets, accretion of discounts, and other changes in the estimates of future benefits. The Retired Pensioners 2000 Mortality Table was used for annuities issued on or before December 31, 2004 and the Annuity 2000 Mortality Table was used for annuities issued on or after January 1, 2005.

The university has recorded conditional asset retirement obligations associated with the legally required removal and disposal of certain hazardous materials, primarily asbestos, present in our facilities. When an asset retirement obligation is identified, the university records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as property, plant and equipment and then amortized over the estimated remaining useful life of the associated asset. The fair value of the conditional asset retirement obligations was estimated using a probability weighted, discounted cash flow model. The present value of future estimated cash flows was calculated using the credit adjusted, interest rate applicable to the university in order to determine the fair value of the conditional asset retirement obligations. For the year ended June 30, 2010, the university recognized accretion expense related to the conditional asset retirement obligation of approximately \$4,666,000. For the year ended June 30, 2010, the university settled asset retirement obligations of approximately \$362,000. As of June 30, 2010, included in the Consolidated Balance Sheet is an asset retirement obligation of \$93,831,000.

Notes to Consolidated Financial Statements

Note 1 (continued)

Gifts from donors, including contributions receivable (unconditional promises to give), are recorded as revenues in the year received. Gifts are valued using quoted market prices, market prices for similar assets, independent appraisals, or by university management. Contributions receivable are reported at their discounted value using credit-adjusted borrowing rates and an allowance for amounts estimated to be uncollectible is provided. Donor-restricted gifts, which are received and either spent, or deemed spent, within the same year, are reported as unrestricted revenue. Gifts of long-lived assets with no donor-imposed time restrictions are reported as unrestricted revenue in the year received. Gifts restricted to the acquisition or construction of long-lived assets or subject to other time or purpose restrictions are reported as temporarily restricted revenue. The temporarily restricted net assets resulting from these gifts are released to unrestricted net assets when the donor-imposed restrictions are fulfilled or the assets are placed in service. Gifts received for endowment investment are held in perpetuity and recorded as permanently restricted revenue.

Net patient service revenue is reported as estimated net realizable amounts from patients, third party payors, government programs and other in the period in which services are provided. The majority of the healthcare services are rendered to patients with commercial or managed care insurance, or under the federal Medicare and California State Medi-Cal programs. Reimbursement from these various payors is based on a combination of prospectively determined rates, discounts from charges and historical costs. Amounts received under the Medicare program are subject to retroactive settlements based on review and final determination by program intermediaries or their agents. Provisions for contractual adjustments and retroactive settlements related to those payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as additional information becomes known or as final settlements are determined.

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

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

The financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the university's financial statements for the year ended June 30, 2009 from which the summarized financial information was derived. Certain reclassifications have been made to summarized financial information for comparative purposes.

During the year ended June 30, 2010, the university adopted the Codification of United States Generally Accepted Accounting Principles (U.S. GAAP), promulgated by the Financial Accounting Standards Board (FASB). The Codification is now the sole source of authoritative non-governmental U.S. GAAP. The codification does not change U.S. GAAP, but affects the way organizations reference U.S. GAAP. Adoption of the Codification had no material impact on the university's consolidated financial statements.

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

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

- Level I - Quoted prices in active markets for identical assets or liabilities.
- Level II - Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Notes to Consolidated Financial Statements

Note 1 (continued)

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. (See Note 4)

The university has adopted 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, which was formerly referred to as FSP FAS 157-g or ASU 2009-12, 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, 2010, the fair value of all investments in investment funds has been determined by using NAV as a practical expedient.

Additionally, in accordance with ASU 2009-12, the university considers several additional factors in appropriately classifying the investment funds in the fair value hierarchy. An investment is generally classified as Level II if the university has the ability to withdraw its investment with the investment fund at NAV at the measurement date. An investment is generally classified as Level III if the university does not have the ability to withdraw its investment with the investment fund at NAV, such as investments in closed-end funds, "side pockets", or funds with suspended withdrawals imposed. If the university cannot withdraw its investment with the investment funds at NAV when such investment is subject to "lock-up" or gate, or its withdrawal period does not coincide with the university's measurement date, the university considers the length of time until the investment will become redeemable in determining whether the fair value measurement of the investment should be classified as a Level II or Level III fair value measurement.

Note 2

Effective March 31, 2009, the university acquired USC University Hospital and USC Norris Cancer Hospital (the hospitals) under the terms of an asset purchase agreement for approximately \$287,800,000. The university accounted for the acquisition as a purchase and allocated the purchase price to the inventory, buildings and equipment of the hospitals. All non-assumed liabilities existing as of March 31, 2009, including medical malpractice liabilities, were retained by the seller. The university's consolidated financial statements include the activity of the hospitals for the year ended June 30, 2010 and for the three month period ended June 30, 2009.

Effective July 1, 2009, in connection with certain asset transfer agreements, seventeen separate 501(c)(3) Medical Faculty Practice Plans contributed their net assets to USC Care Medical Group, Inc. The fair value of the contribution, which is included in Gifts and Pledges on the consolidated statement of activities for the year ended June 30, 2010, is approximately \$30,500,000, of which the net non-cash impact was approximately \$15,600,000.

Note 3

Accounts receivable (in thousands):

U.S. Government	\$25,742
Student and other, net of allowance for doubtful accounts of \$7,480	64,414
Patient care and practice plans, net of allowance for doubtful accounts of \$15,821	139,458
	<u>\$229,614</u>

Notes to Consolidated Financial Statements

Note 4

Investments (in thousands):

	Cost	Fair Value
Equities	\$1,116,971	\$1,034,804
Fixed income securities	516,516	508,330
Alternative investments:		
Hedge funds	381,322	461,056
Private capital	928,490	806,034
Real estate and other	227,701	143,295
Assets held by other trustees	113,397	116,878
Total	\$3,284,397	\$3,070,397

The following table summarizes the financial instruments carried at fair value as of June 30, 2010, by the ASC 820 valuation hierarchy defined above (in thousands):

	Level I	Level II	Level III	Total
Investments:				
Equities	\$688,554	\$304,683	\$41,567	\$1,034,804
Fixed income securities	186,959	320,763	608	508,330
Hedge funds			461,056	461,056
Private capital			806,034	806,034
Real estate and other			143,295	143,295
Assets held by other trustees		94,337	22,541	116,878
Total investments	\$875,513	\$719,783	\$1,475,101	\$3,070,397

The university has classified all cash and cash equivalents as Level I financial instruments.

The following table summarizes the university's Level III reconciliation of investments for the year ended June 30, 2010 (in thousands):

Balance at July 1, 2009	\$1,252,162
Net realized gains	62,284
Net unrealized gains	63,851
Transfers out	(37,205)
Net purchases, sales and settlements	134,009
Balance at June 30, 2010	\$1,475,101

Notes to Consolidated Financial Statements

Note 4 (continued)

The university uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category (in thousands):

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions and Terms in Place at Year End
Assets Held By Other Funds	Miscellaneous investments held outside USC where USC has no authority over the fund	\$44,902	Not Applicable	Not Applicable	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund.
Distressed Obligation Partnerships	US and Non-US Distressed Debt Securities	\$101,585	\$23,847	Approximately 6 Years	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund.
Equity Funds	US and Non-US Equity Securities	\$293,167	None	Open Ended	Minimum Monthly	None	None
Fixed Income Funds	US and Non-US Fixed Income Securities	\$4,393	None	Open Ended	Minimum Monthly	None	None
Hedge Funds	US and Non-US Investments in Relative Value, Event Driven, Long/Short, and Directional Strategies	\$461,056	None	85% of NAV has an open ended life, 13% of NAV will be liquidated on 12/31/10, and 2% of NAV will be liquidated on an undetermined basis	Ranges between quarterly redemption with 60 days notice, annual redemption with 60 days notice, and bi-annual redemption with 45 days notice	42% of NAV is not locked-up, 34% of NAV is locked-up for 6 months, and 24% of NAV is locked-up for greater than 6 months.	None
Natural Resources Partnerships	US and Non-US Investments in Upstream, Midstream, and Downstream Natural Resources Investment	\$249,610	\$182,888	Approximately 8 Years	Redemptions are not permitted during the life of the fund	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund.
Other Funds	US and Non-US Investments in Securities Other than Equity and Fixed Income	\$178	None	Open Ended	Monthly	None	None
Private Capital Partnerships	US and Non-US Private Equity and Venture Capital Investments	\$454,839	\$397,601	Approximately 6 Years	Redemptions are not permitted during the life of the fund	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund.
Private Real Estate Partnerships	US and Non-US Real Estate	\$106,515	\$111,691	Approximately 6 Years	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund.	Redemptions are not permitted during the life of the fund
Total		\$1,716,245	\$716,027				

Notes to Consolidated Financial Statements

Note 5

Property, plant and equipment (in thousands):

Land and improvements	\$121,325
Building and improvements	2,377,732
Equipment	487,132
Library books and collections	227,694
Construction-in-progress	168,836
	3,382,719
Less: Accumulated depreciation	1,333,521
	\$2,049,198

Note 6

Bonds and note payable (in thousands):

	Interest %	Maturity	
<i>California Educational Facilities Authority (CEFA) Revenue Bonds and Notes:</i>			
Series 2003A	4.75	2024	\$50,000
Premium			1,111
Series 2003B	5.00	2011-2016	6,690
Premium			531
Series 2005	4.00-5.00	2012-2029	66,545
Premium			2,405
Series 2007A	4.00-4.75	2011-2038	261,895
Premium			2,378
Series 2009A	5.00-5.25	2039-2040	217,605
Discount			(932)
Series 2009B	5.00-5.25	2039-2040	197,900
Premium			3,239
Series 2009C	5.25	2025	82,305
Premium			8,542
<i>University of Southern California Bonds</i>			
Series 1998	5.87-6.26	2014-2019	8,585
Discount			(24)
Note Payable	5.00	2014	15,000
			923,775
Less current portion of long-term debt			3,885
			\$919,890

Principal payment requirements relating to bonds and notes payable, after giving effect to refunding, for the next five fiscal years are approximately: 2011 \$3,885,000; 2012 \$4,140,000; 2013 \$4,330,000; 2014 \$23,535,000; 2015 \$4,760,000.

Interest payments for fiscal year 2010 were \$43,969,000.

The bond agreements contain certain restrictive covenants including the requirement to maintain a designated amount of available assets, as defined in the agreements.

On July 9, 2009, the university issued \$82,305,000 of CEFA Series 2009C bonds. The proceeds of this bond issue were

used to retire the CEFA Series 1998A bonds and the CEFA Series 1999 bonds during the year ended June 30, 2010.

On April 6, 2009, a \$100,000,000 revolving line of credit agreement was implemented with a bank. The credit agreement was amended on June 24, 2010 to increase the revolving line of credit to \$200,000,000. The line of credit, which matures on June 30, 2013, accrues interest based on LIBOR and contains a fee on the unused portion of the line of credit. During the year ended June 30, 2010, the university did not draw down on the line of credit. The line of credit contains certain restrictive covenants required in the agreement.

Notes to Consolidated Financial Statements

Note 7

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, 2010 consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$182,712	\$87,334	\$270,046
Endowed scholarships	18,999	9,081	28,080
External financial aid	18,499	8,842	27,341
	\$220,210	\$105,257	\$325,467

Note 8

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

Endowment and long-term investment net assets functioning as endowment are summarized as follows (in thousands):

	Endowment	Funds functioning as endowment	Departmentally designated funds	Total
Pooled	\$2,011,454	\$793,289	\$8,267	\$2,813,010
Non-pooled	63,647	71,321		134,968
	\$2,075,101	\$864,610	\$8,267	\$2,947,978

Pooled investments represent endowment and long-term investment net assets which have been commingled in a unitized pool (unit market value basis) for purposes of investment. The pool is comprised of cash and cash equivalents (7.46%), equities (28.92%), fixed income securities (17.1%), alternative investments (42.9%) and real estate and other investments (3.62%). Access to or liquidation from the pool is on the basis of the market value per unit on the preceding monthly valuation date. The unit market value at June 30, 2010 was \$482.61.

The Board of Trustees has interpreted the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the university classifies as permanently restricted net

assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the university considers various factors in making a determination to appropriate or accumulate endowment funds including: duration and preservation of the fund, economic conditions, effects of inflation or deflation, expected return on the funds and other economic resources of the university.

Notes to Consolidated Financial Statements

Note 8 (continued)

Endowment net asset composition by type of fund as of June 30, 2010 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$835,920	\$1,239,181	\$2,075,101
Board-designated endowment funds	\$872,877			872,877
	<u>\$872,877</u>	<u>\$835,920</u>	<u>\$1,239,181</u>	<u>\$2,947,978</u>

Changes in endowment net assets for the year ended June 30, 2010 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2009	\$756,941	\$728,474	\$1,186,011	\$2,671,426
Investment return:				
Investment income	49,720		374	50,094
Net appreciation	110,364	175,182		285,546
Total investment return	160,084	175,182	374	335,640
Gifts and transfers	36,343		52,796	89,139
Appropriation of endowment assets for expenditure	(80,491)	(67,736)		(148,227)
Endowment net assets at June 30, 2010	\$872,877	\$835,920	\$1,239,181	\$2,947,978

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

Permanently restricted net assets:

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

Restricted for scholarship support	\$302,855
Restricted for faculty support	332,409
Restricted for program support	603,917
Total endowment assets classified as permanently restricted net assets	<u>\$1,239,181</u>

Temporarily restricted net assets:

The portion of permanent endowment funds subject to a time restriction under UPMIFA (in thousands):

Restricted for scholarship support	\$230,527
Restricted for faculty support	301,896
Restricted for program support	303,497
Total endowment assets classified as temporarily restricted net assets	<u>\$835,920</u>

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 gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$50,404,000 as of June 30, 2010. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation that was deemed prudent.

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

Notes to Consolidated Financial Statements

Note 8 (continued)

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

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

For the 2010 fiscal year, the Board of Trustees approved current distribution of 100% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provisions of the spending rule, \$25.42 was distributed to each time-weighted unit for a total spending rule allocation of \$146,711,000. Investment income amounting to \$8.35 per time-weighted unit was earned, totaling \$48,205,000, and \$98,506,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2010 represent 5.2% of the market value of the endowment pool at June 30, 2010.

Note 9

Unconditional promises are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting using rates ranging from 4% to 6% to the present value of the future cash flows.

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

In one year or less	\$33,565
Between one year and five years	166,024
More than five years	19,517
Less, discount of \$31,458 and allowance of \$10,553	(42,011)
	<u>\$177,095</u>

Pledges receivable at June 30, 2010 have the following restrictions (in thousands):

Endowment for departmental programs and activities	\$49,928
Endowment for scholarship	10,979
Building construction	28,871
Departmental programs and activities	87,317
	<u>\$177,095</u>

Note 10

Executed contracts, grants, subcontracts and cooperative agreements for future sponsored research activity which are not reflected in the consolidated financial statements at June 30, 2010 are summarized as follows (in thousands):

Current sponsored awards	\$470,177
Executed grants and contracts for future periods	514,852
	<u>\$985,029</u>

Note 11

At June 30, 2010, the university had remaining commitments of approximately \$716,000,000 with alternative investment managers and/or limited partnerships.

Contractual commitments for educational plant amounted to approximately \$37,929,000 at June 30, 2010. It is expected that the resources to satisfy these commitments will be provided from certain unexpended plant net assets, anticipated gifts and/or debt proceeds.

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

Notes to Consolidated Financial Statements

Note 12

Retirement benefits for employees are provided through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, The Vanguard Group, AIG SunAmerica, Fidelity Investments and Prudential Financial. Under these defined contribution plans, the university and plan participants make contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds or commingled funds. Benefits commence upon termination or retirement and pre-retirement survivor death benefits are also provided. Charges to education and general activities expenses for the university's share of costs were approximately \$94,711,000 during the year ended June 30, 2010.

Retirement benefits for hospital union employees are provided by a defined contribution plan through Fidelity Investments. Under the defined contribution plan, participants make contributions to purchase a variety of mutual funds. The university makes its contribution following the end of the calendar year and matches the participants' contributions up to 3% of eligible earnings providing the participant was employed on the last day of the calendar year. In addition, the university makes a 1% retiree medical benefit contribution to all 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 from before the acquisition have been carried over. Benefits commence at age 59 1/2, termination of employment, or retirement and pre-retirement survivor death benefits are also provided. Charges to education and general activities expenses for the university's share of costs were approximately \$1,898,000 during the year ended June 30, 2010.

Retirement benefits for non-exempt employees are provided through a noncontributory defined benefit pension plan. The following table sets forth the plan's funded status at June 30, 2010 (in thousands):

Obligations and Plan Assets

Change in Projected Benefit Obligation

Benefit obligation at end of prior year	\$142,592
Service cost	322
Interest cost	9,801
Amendments	(1,970)
Actuarial loss	22,194
Benefits paid	(5,224)
Benefit obligation at end of year	<u>\$167,715</u>

Change in Plan Assets

Fair value of plan assets at end of prior year	\$128,921
Actual return on plan assets	14,538
Benefits paid	(5,224)
Fair value of plan assets at end of year	<u>\$138,235</u>

Reconciliation of Funded Status

Accumulated benefit obligation at end of year	\$167,715
Projected benefit obligation at end of year	(\$167,715)
Fair value of plan assets at end of year	138,235
Funded status	<u>(\$29,480)</u>

Components of Net Periodic Benefit Cost

Service cost	\$322
Interest cost	9,801
Expected return on plan assets	(10,661)
Amortization of net loss	3,143
Total benefit cost	<u>\$2,605</u>

The estimated net loss/(gain) and prior service cost for the USC Support Staff Retirement Plan that will be recognized as components of net periodic benefit cost over the next fiscal year are \$4,054,000 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. As a result, curtailment accounting was required during the year ended June 30, 2010.

The effect of the curtailment was determined based on a measurement date of December 31, 2009. The discount rate used for the determination was 6.25%.

As a result of the plan changes, the Projected Benefit Obligation of the plan was reduced by \$1,971,000, which was offset against the existing unrecognized net actuarial loss. The curtailment had no impact to the consolidated statement of activities.



Notes to Consolidated Financial Statements

Note 12 (continued)

The chart below details the curtailment accounting for the year ended June 30, 2010, measured at December 31, 2009 (in thousands):

	Before Curtailment	Effect of Curtailment	After Curtailment
Projected benefit obligation	(\$161,855)	\$1,970	(\$159,885)
Plan assets at fair value	143,226		143,226
Items not yet recognized as components of net periodic benefit cost:			
Unrecognized net actuarial loss/(gain)	56,939	(\$1,970)	54,969
Accumulated contributions in excess of net periodic benefit cost	\$38,310		\$38,310

No special accounting for settlements or termination benefits was required during the year ended June 30, 2010.

Assumptions

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

Discount rate	7.00%
Expected return on plan assets	8.00%
Rate of compensation increase	5.00%

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

Discount rate	6.00%
Rate of compensation increase	N/A

Plan Assets

In managing the plan assets, our objective is to be a responsible fiduciary while minimizing financial risk. Plan assets include a diversified mix of investment grade fixed income securities and equity securities across a range of sectors and levels of capitalization to maximize the long-term return for a prudent level of risk. In addition to producing a reasonable return, the investment strategy seeks to minimize the volatility in our expense and cash flow. The target allocation for pension benefit plan assets is 50% equity securities and 50% fixed income securities.

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

Fair Value

The Plan's interest in collective trusts is valued based on the net asset value information reported by the investment advisor. The fund is valued at the normal close of trading on the New York Stock Exchange every day the Exchange is open (a "Business Day"). Equity securities are valued at the official closing price of, or the last reported sales price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or at the last available bid price. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange or market determined to be the most representative market, which may be either a securities exchange or the over-the-counter market. Short term investments are carried at market value. Securities and other assets for which representative market quotations are not readily available or are considered unreliable by the investment advisor are fair valued as determined in good faith under guidelines approved by Capital Guardian Trust Company. Various factors may be reviewed in order to make a good faith determination of a security's 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.

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	Total
Collective Trust Funds:				
Short-term investment fund		\$146		\$146
Equities		65,241		65,241
Fixed income securities		72,848		72,848
Total		\$138,235		\$138,235

Notes to Consolidated Financial Statements

Note 12 (continued)

Allocation of Assets

The year-end asset allocation, which approximates the weighted-average allocation for the Plan assets as of June 30, 2010 and in comparison to target percentages for each asset category, is as follows:

Asset Category	June 30, 2010	Target at June 30, 2010
Equity securities	47.2%	50.0%
Debt securities	52.8%	50.0%
Total	100.0%	100.0%

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

Contributions

No contribution to the pension plan was required during the year ended June 30, 2010. The university may make discretionary contributions to its pension plan during the next fiscal year. This will be reassessed during the year.

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,	
2011	\$6,219
2012	\$6,736
2013	\$7,297
2014	\$7,929
2015	\$8,505
2016 - 2020	\$49,562

Note 13

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

Note 14

The estimated fair value of the university's bonds, notes and mortgages payable was \$944,513,000 at June 30, 2010. This fair value was estimated based upon the discounted amount of future cash outflows using the rates offered to the university for debt of the same remaining maturities.

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

Note 15

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. As part of a competitive process the university entered into a contract for the construction of the university campus center with a company associated with a trustee. The value of the contract was approximately \$103,000,000.

Note 16

The university has performed an evaluation of subsequent events through September 30, 2010, which is the date the financial statements were issued. Subsequent to year end the university participated in a transaction with a third party to issue \$36,975,000 in California Infrastructure and Economic Development Bank Revenue Bonds (bonds). The proceeds will be used to construct an administrative office building by the third party on land owned by the university. The third party will lease the administrative office building to the university. The bonds will be recorded as debt on the university's consolidated balance sheet.

2011 Summary of Budgeted Operating Revenues and Expenses

in millions of dollars

	Undesignated Budget					
	Education and General			Health Care Services		
	2009-10 Budget	2010-11 Budget	Percent Change	2009-10 Budget	2010-11 Budget	Percent Change
Revenues						
Tuition and fees	\$1,105,996	\$1,239,593	12.08%			
Less student aid	(282,868)	(302,672)	7.00%			
Net tuition and fees	823,128	936,921	13.82%			
Endowment income	58,422	61,528	5.32%			
Investment income	640	340	(46.88%)			
Gifts	40,565	38,369	(5.41%)			
Contracts and grants - direct						
Recovery of indirect costs:						
Contracts and grants	107,599	122,370	13.73%			
Endowments/Gifts	11,787	13,779	16.90%			
Auxiliary enterprises	234,500	245,465	4.68%			
Sales and service and other sources	103,085	107,321	4.11%	\$767,167	\$814,463	6.17%
Total Revenues	\$1,379,726	\$1,526,093	10.61%	\$767,167	\$814,463	6.17%
Expenses						
Compensation:						
Faculty salaries	\$273,785	\$295,997	8.11%	\$134,412	\$144,347	7.39%
Other salaries and wages	424,141	448,027	5.63%	183,327	197,388	7.67%
Employee benefits	209,698	224,168	6.90%	86,955	105,260	21.05%
Total Compensation	907,624	968,192	6.67%	404,694	446,995	10.45%
Current expense	247,989	336,584	35.73%	250,252	265,004	5.89%
Capital financing	71,002	67,143	(5.44%)	35,527	25,782	(27.43%)
Professional services	41,691	36,305	(12.92%)	52,694	50,423	(4.31%)
Equipment/Library	20,353	19,139	(5.96%)	2,826	3,131	10.79%
Utilities/Telephone	40,037	43,960	9.80%	5,032	5,908	17.41%
Off-campus facilities	19,730	20,917	6.02%	1,641	3,109	89.46%
Travel	20,103	20,514	2.04%	1,323	1,468	10.96%
Rentals and leases	11,197	13,339	19.13%	13,178	12,643	(4.06%)
Total Expenses	\$1,379,726	\$1,526,093	10.61%	\$767,167	\$814,463	6.17%

Designated Budget

Total Budget

2009-10 Budget	2010-11 Budget	Percent Change	2009-10 Budget	2010-11 Budget	Percent Change
			\$1,105,996	\$1,239,593	12.08%
(\$60,526)	(\$62,755)	3.68%	(343,394)	(365,427)	6.42%
(60,526)	(62,755)	3.68%	762,602	874,166	14.63%
56,920	53,920	(5.27%)	115,342	115,448	0.09%
			640	340	(46.88%)
184,812	195,843	5.97%	225,377	234,212	3.92%
357,648	412,609	15.37%	357,648	412,609	15.37%
			107,599	122,370	13.73%
			11,787	13,779	16.90%
			234,500	245,465	4.68%
			870,252	921,784	5.92%
\$538,854	\$599,617	11.28%	\$2,685,747	\$2,940,173	9.47%
\$76,152	\$81,731	7.33%	\$484,349	\$522,075	7.79%
148,283	161,484	8.90%	755,751	806,899	6.77%
58,947	66,579	12.95%	355,600	396,007	11.36%
283,382	309,794	9.32%	1,595,700	1,724,981	8.10%
177,188	199,188	12.42%	675,429	800,776	18.56%
116	840	+100.00%	106,645	93,765	(12.08%)
19,225	21,777	13.27%	113,610	108,505	(4.49%)
20,738	25,259	21.80%	43,917	47,529	8.22%
			45,069	49,868	10.65%
18,291	20,999	14.81%	39,662	45,025	13.52%
19,700	18,878	(4.17%)	41,126	40,860	(0.65%)
214	2,882	+100.00%	24,589	28,864	17.39%
\$538,854	\$599,617	11.28%	\$2,685,747	\$2,940,173	9.47%

2011 Colleges, Schools, Centers & Institutes

Individual Revenue Center Summary | 2010-11 Budget | in thousands

	<i>Annenberg School for Communication & Journalism</i>		<i>School of Architecture</i>		<i>School of Cinematic Arts</i>		<i>Centers for Creative Technologies</i>	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$44,259	\$11,885	\$15,313	\$2,026	\$41,221	\$9,449	\$5,444	\$33,201
Center	55,966	11,885	20,341	2,026	52,832	9,449	5,444	33,201
UG Student Aid Fund	(10,147)		(4,300)		(9,937)			
Facilities Improvement Fund	(1,560)		(728)		(1,674)			
Indirect	(1,633)		(1,260)		(2,036)		(370)	
Participation	(3,394)		(1,544)		(3,657)		(370)	
Academic Initiatives					295			
Provost's Initiatives	32		96		288			
Graduate Programs	1,729		188		1,038			
Total Revenues	\$42,626	\$11,885	\$14,053	\$2,026	\$39,185	\$9,449	\$5,074	\$33,201

Expenses								
Direct	\$34,382	\$11,885	\$9,856	\$2,026	\$26,840	\$9,449	\$4,357	\$33,201
Indirect	8,244		4,197		12,345		717	
Allocated Central Costs	7,006		3,536		11,305		717	
Facilities Based	1,238		661		1,040			
Total Expenses	\$42,626	\$11,885	\$14,053	\$2,026	\$39,185	\$9,449	\$5,074	\$33,201

	<i>Davis School of Gerontology</i>		<i>Gould School of Law</i>		<i>Graduate Programs</i>		<i>College of Letters, Arts and Sciences</i>	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$6,655	\$6,046	\$38,146	\$3,166	\$53,249		\$235,901	\$79,283
Center	7,296	6,046	39,775	3,166	53,249		341,930	79,283
UG Student Aid Fund	(493)		(311)				(95,566)	
Facilities Improvement Fund	(148)		(1,318)				(10,463)	
Indirect	3,641		2,487		(47,235)		8,586	
Participation	(393)		(2,571)				(24,724)	
Academic Initiatives	3,400		2,000		20,700		252	
Provost's Initiatives	24		3,058				774	
Graduate Programs	610				(67,935)		32,284	
Total Revenues	\$10,296	\$6,046	\$40,633	\$3,166	\$6,014		\$244,487	\$79,283

Expenses								
Direct	\$5,792	\$6,046	\$30,460	\$3,166	\$6,014		\$154,915	\$79,283
Indirect	4,504		10,173				89,572	
Allocated Central Costs	3,987		8,709				76,210	
Facilities Based	517		1,464				13,362	
Total Expenses	\$10,296	\$6,046	\$40,633	\$3,166	\$6,014		\$244,487	\$79,283

	<i>Marshall School of Business</i>		<i>School of Policy, Planning, and Development</i>		<i>Roski School of Fine Arts</i>		<i>Rossier School of Education</i>	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$138,884	\$20,075	\$30,394	\$9,887	\$8,686	\$438	\$76,941	\$7,316
Center	174,485	20,075	35,543	9,887	12,399	438	79,320	7,316
UG Student Aid Fund	(29,927)		(3,829)		(3,341)		(717)	
Facilities Improvement Fund	(5,674)		(1,320)		(372)		(1,662)	
Indirect	(10,283)		(1,246)		(592)		(1,964)	
Participation	(11,956)		(2,701)		(840)		(3,413)	
Academic Initiatives					225		238	
Provost's Initiatives	35		35		23		43	
Graduate Programs	1,638		1,420				1,168	
Total Revenues	\$128,601	\$20,075	\$29,148	\$9,887	\$8,094	\$438	\$74,977	\$7,316

Expenses								
Direct	\$90,937	\$20,075	\$19,888	\$9,887	\$5,904	\$438	\$68,157	\$7,316
Indirect	37,664		9,260		2,190		6,820	
Allocated Central Costs	34,910		8,490		1,874		6,114	
Facilities Based	2,754		770		316		706	
Total Expenses	\$128,601	\$20,075	\$29,148	\$9,887	\$8,094	\$438	\$74,977	\$7,316

Revenues	School of Social Work		Summer and Special Programs		School of Theatre		Thornton School of Music	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Direct	\$29,915	\$10,065	\$2,758		\$11,549	\$1,272	\$24,006	\$917
Center	31,264	10,065	2,807		16,652	1,272	32,124	917
UG Student Aid Fund	(88)				(4,584)		(7,127)	
Facilities Improvement Fund	(1,261)		(49)		(519)		(991)	
Indirect	(1,612)				(763)		3,180	
Participation	(2,454)				(1,172)		(2,233)	
Academic Initiatives	300				200		5,100	
Provost's Initiatives	99				156		58	
Graduate Programs	443				53		255	
Total Revenues	\$28,303	\$10,065	\$2,758		\$10,786	\$1,272	\$27,186	\$917
Expenses								
Direct	\$22,994	\$10,065	\$2,758		\$7,486	\$1,272	\$17,941	\$917
Indirect	5,309				3,300		9,245	
Allocated Central Costs	4,929				2,549		8,003	
Facilities Based	380				751		1,242	
Total Expenses	\$28,303	\$10,065	\$2,758		\$10,786	\$1,272	\$27,186	\$917

Revenues	Viterbi School of Engineering Academic Programs		Information Sciences Institute		Total Colleges, Schools, Centers and Institutes	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Direct	\$102,644	\$56,621	\$7,335	\$67,471	\$873,300	\$319,118
Center	119,352	56,621	7,335	67,471	1,088,114	319,118
UG Student Aid Fund	(12,994)				(183,361)	
Facilities Improvement Fund	(3,714)				(31,453)	
Indirect	17,592				(33,508)	
Participation	(8,696)		(508)		(70,626)	
Academic Initiatives	8,000		508		41,218	
Provost's Initiatives	20				4,741	
Graduate Programs	18,268				(8,841)	
Total Revenues	\$120,236	\$56,621	\$7,335	\$67,471	\$839,792	\$319,118
Expenses						
Direct	\$78,001	\$56,621	\$4,645	\$67,471	\$591,327	\$319,118
Indirect	42,235		2,690		248,465	
Allocated Central Costs	35,511		2,690		216,540	
Facilities Based	6,724				31,925	
Total Expenses	\$120,236	\$56,621	\$7,335	\$67,471	\$839,792	\$319,118

Definitions

Direct Revenues and Direct Expenses in Revenue Centers include all categories displayed in the Summary of Budgeted Operating Revenues and Expenses.

Center Revenues are directly generated by the center less any financial aid paid from center funds.

The Undergraduate Student Aid is centrally administered and charged to academic centers on a pre-determined percent of undergraduate tuition. For fiscal year 2010-2011, the rate is 29.5%.

Indirect Revenues are the sum of Participation, Academic Initiatives, Provost's Initiatives, and Graduate Programs.

Participation is a tax on gross tuition revenue, recovery of indirect costs, sales and service and other sources. For fiscal year 2010-2011, the rate is 6.8%.

Academic Initiatives funding is for specific activities for a limited time period.

Provost's Initiatives funding is allocated from centrally controlled funds to support university priorities.

Graduate Programs funding is provided to schools in support of graduate education. All PhD tuition is centralized and allocated to various schools based on academic priorities.

Indirect Expenses are the sum of Allocated Central Costs and Facilities Based Indirects and equal the net budgets of administrative centers (see Individual Administrative Centers 2010-2011 Budget by Presidential and Senior Vice Presidential Responsibility Area).

Allocated Central Costs are central administrative costs that benefit the university as a whole and are allocated to revenue centers.

Facilities Based Indirects are space related costs that can be linked directly to a center's occupancy.

2011 Health Sciences Schools & Health Care Services

Individual Revenue Center Summary | 2010-11 Budget | in thousands

	<i>Keck School of Medicine</i>		<i>Ostrow School of Dentistry</i>		<i>School of Pharmacy</i>		<i>Total Health Sciences Schools</i>	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$156,237	\$220,225	\$90,314	\$12,253	\$44,268	\$9,173	\$290,819	\$241,651
Center	159,833	220,225	94,931	12,253	45,503	9,173	300,267	241,651
UG Student Aid Fund	(1,727)		(1,908)				(3,635)	
Facilities Improvement Fund	(1,859)		(2,709)		(1,235)		(5,813)	
Indirect	12,895		(4,412)		(1,868)		6,615	
Participation	(7,289)		(6,037)		(3,216)		(16,542)	
Academic Initiatives	13,900		200				14,100	
Provost's Initiatives	30		186				216	
Graduate Programs	6,254		1,239		1,348		8,841	
Total Revenues	\$169,132	\$220,225	\$85,902	\$12,253	\$42,400	\$9,173	\$297,434	\$241,651
Expenses								
Direct	\$118,042	\$220,225	\$64,010	\$12,253	\$32,071	\$9,173	\$214,123	\$241,651
Indirect	51,090		21,892		10,329		83,311	
Allocated Central Costs	40,388		17,814		8,904		67,106	
Facilities Based	10,702		4,078		1,425		16,205	
Total Expenses	\$169,132	\$220,225	\$85,902	\$12,253	\$42,400	\$9,173	\$297,434	\$241,651

	<i>Dentistry Health Care</i>		<i>Medical Enterprise</i>		<i>Pharmacy Health Care</i>		<i>Total Health Care Services</i>	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$2,183		\$811,620		\$660		\$814,463	
Center	2,183		811,620		660		814,463	
UG Student Aid Fund								
Facilities Improvement Fund								
Indirect								
Participation								
Academic Initiatives								
Provost's Initiatives								
Graduate Programs								
Total Revenues	\$2,183		\$811,620		\$660		\$814,463	
Expenses								
Direct	\$2,149		\$807,233		\$601		\$809,983	
Indirect	34		4,387		59		4,480	
Allocated Central Costs	34		4,387		59		4,480	
Facilities Based								
Total Expenses	\$2,183		\$811,620		\$660		\$814,463	

2011 Auxiliaries & Athletics

Individual Revenue Center Summary | 2010-11 Budget | in thousands

	<i>Animal Resources</i>		<i>Hospitality Services</i>		<i>Housing and Residence Halls</i>		<i>Intercollegiate Athletics</i>	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$458		\$41,766		\$53,286		\$61,745	\$4,387
Center	458		41,766		53,286		61,745	4,387
UG Student Aid Fund								
Facilities Improvement Fund								
Indirect								
Participation								
Academic Initiatives								
Provost's Initiatives								
Graduate Programs								
Total Revenues	\$458		\$41,766		\$53,286		\$61,745	\$4,387

Expenses								
Direct	(\$1,241)		\$38,126		\$42,770		\$52,856	\$4,387
Indirect	1,699		3,640		10,516		8,889	
Allocated Central Costs	720		2,509		6,138		6,347	
Facilities Based	979		1,131		4,378		2,542	
Total Expenses	\$458		\$41,766		\$53,286		\$61,745	\$4,387

	<i>KUSC</i>		<i>Student Health and Counseling Services</i>		<i>Transportation Services</i>		<i>University Bookstores</i>	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$6,507	\$496	\$39,180		\$18,983		\$40,019	
Center	6,507	496	39,180		18,983		40,019	
UG Student Aid Fund								
Facilities Improvement Fund								
Indirect								
Participation								
Academic Initiatives								
Provost's Initiatives								
Graduate Programs								
Total Revenues	\$6,507	\$496	\$39,180		\$18,983		\$40,019	

Expenses								
Direct	\$5,806	\$496	\$36,739		\$11,881		\$35,910	
Indirect	701		2,441		7,102		4,109	
Allocated Central Costs	701		2,048		5,440		3,266	
Facilities Based			393		1,662		843	
Total Expenses	\$6,507	\$496	\$39,180		\$18,983		\$40,019	

	<i>University Club</i>		<i>University Radisson Hotel</i>		<i>University Village</i>		Total Auxiliaries and Athletics	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues								
Direct	\$462		\$6,189		\$1,700		\$270,295	\$4,883
Center	462		6,189		1,700		270,295	4,883
UG Student Aid Fund								
Facilities Improvement Fund								
Indirect								
Participation								
Academic Initiatives								
Provost's Initiatives								
Graduate Programs								
Total Revenues	\$462		\$6,189		\$1,700		\$270,295	\$4,883

Expenses								
Direct	\$46		\$6,189		\$1,159		\$230,241	\$4,883
Indirect	416				541		40,054	
Allocated Central Costs	268				541		27,978	
Facilities Based	148						12,076	
Total Expenses	\$462		\$6,189		\$1,700		\$270,295	\$4,883

2011 Classification by Center

2010-11 Budget | in thousands

	Colleges, Schools, Centers and Institutes		Health Sciences Schools		Health Care Services	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues						
Direct	\$873,300	\$319,118	\$290,819	\$241,651	\$814,463	
Center	1,088,114	319,118	300,267	241,651	814,463	
UG Student Aid Fund	(183,361)		(3,635)			
Facilities Improvement Fund	(31,453)		(5,813)			
Indirect	(33,508)		6,615			
Participation	(70,626)		(16,542)			
Academic Initiatives	41,218		14,100			
Provost's Initiatives	4,741		216			
Graduate Programs	(8,841)		8,841			
Total Revenues	\$839,792	\$319,118	\$297,434	\$241,651	\$814,463	

Expenses						
Direct	\$591,327	\$319,118	\$214,123	\$241,651	\$809,983	
Indirect	248,465		83,311		4,480	
Allocated Central Costs	216,540		67,106		4,480	
Facilities Based	31,925		16,205			
Total Expenses	\$839,792	\$319,118	\$297,434	\$241,651	\$814,463	

	Auxiliaries and Athletics		Total Revenue Centers		Administrative Centers	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
Revenues						
Direct	\$270,295	\$4,883	\$2,248,877	\$565,652	\$77,261	\$33,965
Center	270,295	4,883	2,473,139	565,652	(147,001)	33,965
UG Student Aid Fund			(186,996)		186,996	
Facilities Improvement Fund			(37,266)		37,266	
Indirect			(26,893)		59	
Participation			(87,168)			
Academic Initiatives			55,318			
Provost's Initiatives			4,957		59	
Graduate Programs						
Total Revenues	\$270,295	\$4,883	\$2,221,984	\$565,652	\$77,320	\$33,965

Expenses						
Direct	\$230,241	\$4,883	\$1,845,674	\$565,652	\$453,630	\$33,965
Indirect	40,054		376,310		(376,310)	
Allocated Central Costs	27,978		316,104		(316,104)	
Facilities Based	12,076		60,205		(60,206)	
Total Expenses	\$270,295	\$4,883	\$2,221,984	\$565,652	\$77,320	\$33,965

	Provost Funding		Total University		Grand Total
	Undesignated	Designated	Undesignated	Designated	
Revenue					
Direct	\$14,418		\$2,340,556	\$599,617	\$2,940,173
Center	14,418		2,340,556	599,617	2,940,173
UG Student Aid Fund					
Facilities Improvement Fund					
Indirect	26,834				
Participation	87,168				
Academic Initiatives	(55,318)				
Provost's Initiatives	(5,016)				
Graduate Programs					
Total Revenues	\$41,252		\$2,340,556	\$599,617	\$2,940,173

Expenses					
Direct	\$41,252		\$2,340,556	\$599,617	\$2,940,173
Indirect					
Allocated Central Costs					
Facilities Based					
Total Expenses	\$41,252		\$2,340,556	\$599,617	\$2,940,173

2011 Individual Administrative Centers by Presidential & Senior Vice Presidential Responsibility Area

2010-11 Budget | in thousands

	Net Operating Budget	Employee Benefits Budget
President:		
President's Office	\$3,692	—
Provost and Senior Vice President for Academic Affairs:		
Academic Affairs	\$5,574	
Academic Senate	189	
Emeriti Center	587	
Enrollment Services	20,719	
Faculty Affairs	1,228	
Faculty Sabbaticals		\$11,318
Global Initiatives	1,854	
Information Technology Services	45,537	
Office of Research	9,046	
Provost's Office	5,985	
Student Affairs	11,433	383
University Art Galleries	554	
University Libraries	38,493	
USC Stevens Institute	4,402	
Total	\$145,601	\$11,701
Senior Vice President, Administration:		
Administrative Operations	\$2,434	\$4,093
Audit Services	1,714	
Career and Protective Services	33,820	12,852
Center for Work and Family Life		763
Compliance	3,055	
General Counsel	8,650	
Senior Vice President's Office	2,563	
Tram, Campus Cruiser and Rideshare	4,106	1,152
University Real Estate	5,417	
Total	\$61,759	\$18,860

	Net Operating Budget	Employee Benefits Budget
Senior Vice President, Finance and CFO:		
Budget and Planning	\$2,123	\$769
Campus Development	1,763	
Comptroller	7,618	384,188
Corporate Expense	37,051	
Facilities Management Services	75,067	
Financial and Business Services	14,278	
Major Maintenance and Renovation	2,057	
Off Campus Facilities	488	
Senior Vice President's Office	2,622	
Treasurer	1,026	
Total	\$144,093	\$384,957
Senior Vice President, University Advancement:		
Senior Vice President's Office	\$8,152	
USC Alumni Association	1,306	
Total	\$9,458	—
Senior Vice President, University Relations:		
University Relations	\$11,707	—
Employee Benefit Recoveries		(\$415,518)
Total Administrative Centers	\$376,310	—
Undergraduate Student Aid Fund	\$186,996	
Facilities Improvement Fund	37,266	
Grand Total	\$600,572	—

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Herman Ostrow
Carmen H. Warschaw

Officers, Administrative Executives and Academic Deans

Officers and Executives

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President

Elizabeth Garrett
Provost and Senior Vice President for Academic Affairs

Robert Abeles
Senior Vice President, Finance, and Chief Financial Officer

Albert R. Checcio
Senior Vice President, University Advancement

Todd R. Dickey
Senior Vice President, Administration

Martha Harris
Senior Vice President, University Relations

Carol Mauch Amir
General Counsel and Secretary of the University

Patrick C. Haden
Athletic Director

Randolph Hall
Vice President, Research

L. Katharine Harrington
Vice President, Admissions and Planning

Michael L. Jackson
Vice President, Student Affairs

Ilee Rhimes
Chief Information Officer and Vice Provost

David M. Roberts
Vice President, Athletic Compliance

Thomas S. Sayles
Vice President, Government and Civic Engagement

Margo Steurbaut
Vice President, Finance

Courtney Surls
Vice President, Development

Erik D. Brink
Associate Senior Vice President, University Comptroller

Academic Deans

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USC Leventhal School of Accounting

Robert A. Cutietta
USC Thornton School of Music

Elizabeth M. Daley
USC School of Cinematic Arts

Gerald C. Davison
USC Davis School of Gerontology

James G. Ellis
USC Marshall School of Business

Marilyn L. Flynn
USC School of Social Work

Karen Symms Gallagher
USC Rossier School of Education

Howard A. Gillman
USC College of Letters, Arts and Sciences

Jack H. Knott
USC School of Policy, Planning, and Development

Qingyun Ma
USC School of Architecture

Carmen A. Puliafito
Keck School of Medicine of USC

Madeline Puzo
USC School of Theatre

Catherine Quinlan
USC Libraries

Robert K. Rasmussen
USC Gould School of Law

Avishai Sadan
Ostrow School of Dentistry of USC

Rochelle Steiner
USC Roski School of Fine Arts

R. Pete Vanderveen
USC School of Pharmacy

Ernest J. Wilson III
USC Annenberg School for Communication & Journalism

Yannis Yortsos
USC Viterbi School of Engineering

Role and Mission of the University of Southern California

The central mission of the University of Southern California is the development of human beings and society as a whole through the cultivation and enrichment of the human mind and spirit. The principal means by which our mission is accomplished are teaching, research, artistic creation, professional practice and selected forms of public service.

Our first priority as faculty and staff is the education of our students, from freshmen to postdoctorals, through a broad array of academic, professional, extracurricular and athletic programs of the first rank. The integration of liberal and professional learning is one of USC's special strengths. We strive constantly for excellence in teaching knowledge and skills to our students, while at the same time helping them to acquire wisdom and insight, love of truth and beauty, moral discernment, understanding of self, and respect and appreciation for others.

Research of the highest quality by our faculty and students is fundamental to our mission. USC is one of a very small number of premier academic institutions in which research and teaching are inextricably intertwined, and on which the nation depends for a steady stream of new knowledge, art and technology. Our faculty are not simply teachers of the works of others, but active contributors to what is taught, thought and practiced throughout the world.

USC is pluralistic, welcoming outstanding men and women of every race, creed and background. We are a global institution in a global center, attracting more international students over the years than any other American university. And we are private, unfettered by political control, strongly committed to academic freedom, and proud of our entrepreneurial heritage.

An extraordinary closeness and willingness to help one another are evident among USC students, alumni, faculty, and staff; indeed, for those within its compass the Trojan Family is a genuinely supportive community. Alumni, trustees, volunteers and friends of USC are essential to this family tradition, providing generous financial support, participating in university governance, and assisting students at every turn.

In our surrounding neighborhoods and around the globe, USC provides public leadership and public service in such diverse fields as health care, economic development, social welfare, scientific research, public policy and the arts. We also serve the public interest by being the largest private employer in the city of Los Angeles, as well as the city's largest export industry in the private sector.

USC has played a major role in the development of Southern California for more than a century, and plays an increasingly important role in the development of the nation and the world. We expect to continue to play these roles for many centuries to come. Thus our planning, commitments and fiscal policies are directed toward building quality and excellence in the long term.

*Adopted by the USC Board of Trustees,
February 3, 1993*



School of Social Work
R. Paul Maiden, PhD
Vice Dean and Professor

April 20, 2011

Postsecondary Approval and Registration Administrator
200 10th Street, Fourth Floor
Des Moines, IA 50309

To Whom It May Concern,

The University of Southern California is fully committed to offering a high quality online education to students in the State of Iowa. Our success in developing quality distance education programs with the same expectations, faculty, and degrees as are offered in our on-campus programs is something that we take very seriously for the good of both the USC brand and the students who choose to study with us. We are very excited for the opportunity to enroll students in Iowa.

In the unlikely event that the program in question needed to be phased out, the web platform, resources, and delivery methods for the program would be available until degree completion so long as the student continues to progress within the University's deadlines for time to degree. Advising, counseling, and student support for students affected by the close of the program, would be conducted by our academic and student support advisors to ensure that each student has an individual degree completion plan and time line.

Kind Regards,

A handwritten signature in black ink, which appears to read "R. Paul Maiden". The signature is written in a cursive style.

R. Paul Maiden
Vice Dean and Professor
Director, MSW@USC

University of
Southern California
669 West 34th Street
Suite 210
Los Angeles, California
90089-0411
Tel: 213 821-2624
Fax: 213 740-0789
e-mail: rmaiden@usc.edu
<http://sowkweb.usc.edu/>

State of California
Secretary of State



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 5 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

APR 9 2009

DEBRA BOWEN
Secretary of State

A0673529

BEST COPY
AVAILABLE 20249116

FILED TRM
in the office of the Secretary of State
of the State of California
FEB 11 2008

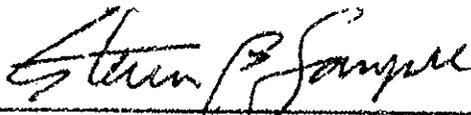
RESTATED ARTICLES OF INCORPORATION
of
UNIVERSITY OF SOUTHERN CALIFORNIA

The undersigned certify that:

1. They are the president and the secretary, respectively, of University of Southern California.
2. The Articles of Incorporation of this corporation are amended and restated to read in full as set forth in Exhibit A, attached hereto and incorporated herein by reference.
3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the Board of Trustees.
4. This corporation has no members.

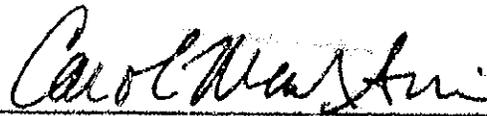
We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: February 11, 2008



Steven B. Sample, President

Date: February 11, 2008



Carol Mauch Amir, Secretary

EXHIBIT A

RESTATED ARTICLES OF INCORPORATION

of

UNIVERSITY OF SOUTHERN CALIFORNIA

ARTICLE I

NAME

The name of this corporation is:

UNIVERSITY OF SOUTHERN CALIFORNIA

ARTICLE II

PURPOSES AND POWERS

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific and primary purposes are charitable and educational in nature within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and Section 214 of the California Revenue and Taxation Code and are to (i) establish, conduct and maintain an educational institution of collegiate grade to develop human beings and society as a whole through the cultivation and enrichment of the human mind and spirit through teaching, research, artistic creation, professional practice and selected forms of public service, and (ii) engage in any other activities and programs incidental to, supportive of, and/or in furtherance of, the advancement of the charitable and educational activities and purposes of this corporation.

C. The general purposes and powers are to have and exercise all rights and powers conferred on nonprofit corporations under the laws of California, including but not limited to the power to:

- i. Sue and be sued.
- ii. Make contracts, including annuity and life income contracts.
- iii. Receive and hold, by purchase, gift, devise, bequest, or grant, real or personal property for educational purposes connected with this corporation, or for the benefit of this corporation.

- iv. Act as trustee under any trust consistent with the purposes of this corporation, and receive, hold, administer, and expend funds and property subject to such trust.
- v. Sell, convey, exchange, mortgage, encumber, transfer upon trust, lease or otherwise use or dispose of the property, real or personal, of this corporation.
- vi. Borrow money, contract debts, and issue bonds, notes, and debentures, and secure the payment or performance of its obligations.
- vii. Confer degrees of the types customarily granted by universities and colleges in the United States.
- viii. Do all other acts permitted by law which are necessary or expedient for the support and administration of the affairs and attainment of the purposes of this corporation.

D. This corporation is an equal opportunity employer and educator and is firmly committed to complying with all applicable laws and governmental regulations at the federal, state and local levels which prohibit discrimination against, or which mandate that special consideration be given to, students and applicants for admission, or faculty, staff and applicants for employment on the basis of race, color, national origin, ancestry, religion, gender, sexual orientation, age, physical disability, mental disability, disabled veteran or veteran of the Vietnam era, or any other characteristic which may from time to time be specified in such laws and regulations. This corporation seeks compliance with all statutes prohibiting discrimination in education, including Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 which respectively prohibit discrimination.

ARTICLE III

PRINCIPAL OFFICE

The principal office for the transaction of the business of this corporation is to be located in the County of Los Angeles, State of California.

ARTICLE IV

TRUSTEES

The number of directors of this corporation, who shall be known as "Trustees," shall be fixed by the bylaws. The manner in which Trustees shall be chosen and removed from office, their qualifications, powers, duties, and tenure of office, the manner of filling vacancies on the

and, and the manner of calling and holding meetings of Trustees shall be stated in the bylaws
The Trustees shall serve without compensation

ARTICLE V

MEMBERS

This corporation shall not have members within the meaning of California Corporation Code Section 5056.

ARTICLE VI

DEDICATION AND DISSOLUTION

This corporation is not organized, nor shall it be operated, for pecuniary gain or profit. This corporation, and the property, assets, profits and net income of this corporation are irrevocably dedicated to the charitable and educational purposes meeting the requirements for exemption provided by Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and Section 214 of the California Revenue and Taxation Code, and no part of the net earnings or assets of this corporation shall inure to the benefit of, or be distributable to, any Trustee or officer of this corporation, or any other private person, except that this corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth in Article II hereof. Upon the dissolution, winding up or abandonment of this corporation, the assets remaining after payment, or provisions for payment, of all debts and liabilities of this corporation shall be distributed to nonprofit corporations, funds or foundations which are engaged in activities similar to those of this corporation and which are organized and operated exclusively for charitable and educational purposes meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code, and which have established and maintained their tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

ARTICLE VII

LIMITATION ON CORPORATE ACTIVITIES

A. No substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

B. Notwithstanding any other provisions of these Articles, this corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE VIII

GOVERNING LAW

This corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law of 1980 not otherwise applicable to it under Part 5 thereof.



IOWA

No: W00631177
Date: 07/21/2009

SECRETARY OF STATE

504RFN-383884
UNIVERSITY OF SOUTHERN CALIFORNIA

ACKNOWLEDGEMENT OF DOCUMENT FILED

The Secretary of State acknowledges receipt of the following document:

Certificate of Authority

The document was filed on Jul 20 2009 10:28AM, to be effective as of Jul 20 2009 10:28AM.

The amount of \$25.00 was received in full payment of the filing fee.



Michael A. Mauro
MICHAEL A. MAURO SECRETARY OF STATE





Matt Schultz

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Summary

Searched: **university of Southern california**

[Print Certificate of Authorization](#)

Corp No.	Legal Name	Status
383884	UNIVERSITY OF SOUTHERN CALIFORNIA	Active
Type	State of Inc.	Modified
Legal	CA	No
Expiration Date	Effective Date	Filing Date
PERPETUAL	7/20/2009	7/20/2009
Chapter		
CODE 504 REVISED FOREIGN NON-PROFIT		

Names (viewing 1 of 1)

Type	Status	Modified	Name
Legal	Active	No	UNIVERSITY OF SOUTHERN CALIFORNIA

Registered Agent or Reserving Party

Full Name	CORPORATION SERVICE COMPANY
Address	505 5TH AVENUE
Address 2	SUITE 729
City, ST, Zip	DES MOINES, IA, 50309

Home Office

Full Name	
Address	3551 TROUSDALE PKWY
Address 2	ADM 352
City, ST, Zip	LOS ANGELES, CA, 90089



START HERE
GO FURTHER
FEDERAL STUDENT AID™

School Default Rates
FY 2008, 2007, and
2006

[RETURN TO RESULTS](#)

Record 1 of 1

OPE ID	School	Type	Control	PRGMS		FY2008	FY2007	FY2006
001328	University of Southern California University Park Campus Los Angeles CA 90089-0001	Master's Degree or Doctor's Degree	Private	Both (FFEL/FDL)	Default Rate	1.3	0.7	0.4
					No. in Default	57	36	36
					No. in Repay	4381	4536	8090
					Enrollment figures	36546	36126	35558
					Percentage Calculation	12	12.6	22.8

ENROLLMENT: To provide context for the Cohort Default Rate (CDR) data we include enrollment data (students enrolled at any time during the year) and a corresponding percentage (borrowers entering repayment divided by that enrollment figure). While there is no direct relationship between the timing of when a borrower entered repayment (October 1 through September 30) and any particular enrollment year, for the purpose of these data, we have chosen to use the academic year ending on the June 30 prior to the beginning of the cohort year (e.g., FY 2008 CDR Year will use 2006-2007 enrollment).

Current Date : 04/13/2011

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FOR SECURITY PURPOSES, THE FACE OF THIS DOCUMENT CONTAINS A COLORED BACKGROUND AND MICROPRINTING IN THE BORDER

2040
50-7306/260
4/25/2011

ESQUIRE BANK
320 OLD COUNTRY ROAD
GARDEN CITY, NY 11530

2TOR, INC.
30 E 23RD ST 12 FL
NEW YORK, NY 10010

PAY TO THE ORDER OF State of Iowa \$ **4,000.00

Four Thousand and 00/100 ***** DOLLARS

State of Iowa

[Signature]
AUTHORIZED SIGNATURE

MEMO

USC-MSW Application Fee

SECURITY FEATURES INCLUDED. DETAILS ON BACK

⑆002040⑆ ⑆026073066⑆ 0175003607⑆

2TOR, INC.

State of Iowa

USC-MSW Application Fee

2040

4/25/2011

4,000.00

Esquire Bank

USC-MSW Application Fee

4,000.00

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