



MEMORANDUM

TO: Members of the Board of Trustees

FROM: Carol L. Folt, Chancellor

RE: Mail Ballot

DATE: August 13, 2014

I write to request your approval by mail ballot of three matters, each concerning night parking.

Beginning this academic year, parking fees are scheduled to be charged to students and employees who park on campus in the evenings or nights. A number of people have expressed concern to me that, given economic constraints, they will be forced to park remotely after dark, and this makes them feel at risk. We have decided to defer implementation of the night-parking program to give University leaders additional time to study any issues related to alternative transportation, equity and safety that may or may not exist today. I am therefore seeking your approval of the three actions described below.

Under the University's Traffic and Parking Ordinance, effective August 15, 2014, employees who regularly park on campus at night who do not already pay for a daytime parking permit will be required to purchase an annual night parking permit. The cost of a night parking permit ranges from \$227 to \$390 annually, based on a salary sliding scale. I recommend that the Ordinance be amended to eliminate this fee for employee night parking permits listed in section 3-4 of the Ordinance for the 2014-2015 permit year.

As part of the implementation of the night parking fee, the designation for morning, afternoon, and rotating permits was removed from the Ordinance. I recommend that these permit types and fees be returned to the Ordinance with price increases reflective of the 2% increase identified for all other established permits.

In November 2013, the Board of Trustees approved a \$10.40 miscellaneous student fee for student night parking privileges as a component of the proposed package of 2014-2015 tuition and fees. In contrast to the employee night parking permit fee under the Ordinance, this miscellaneous student fee is charged to every student (except freshmen), regardless of whether or how frequently the student parks on campus at night. This fee structure was selected by student government rather than the night parking permit structure for employees. I recommend that this \$10.40 miscellaneous student fee for night parking be rescinded for the 2014-2015 academic year.

Please mark and return the enclosed ballot indicating whether or not you approve of the actions described above. Thank you.

Enclosure

cc: Matthew Fajack
Meredith Weiss
Jeff McCracken



Mail Ballot

Board of Trustees

August 13, 2014

Chancellor Carol Folt submits for your review and approval a mail ballot concerning the rescission of night parking fees. This mail ballot will be approved as part of the Consent Agenda at the Full Board meeting on Thursday, September 25, 2014.

The undersigned votes as follows with respect to the recommendation proposed in Chancellor Folt's memorandum dated August 13, 2014.

Approve Disapprove

Rescind the \$10.40 miscellaneous student night parking fee for 2014-2015 fiscal year

☐☐

Approve Disapprove

Amend the Parking Ordinance by eliminating the employee night parking permit fee for 2014-2015 permit year

☐☐

Approve Disapprove

Amend the Parking Ordinance by reinstating the morning, afternoon and rotating permits, including 2% annual fee increase (consistent with all established permits)

☐☐

Signature_____

Printed Name_____

Date_____

Please fax to Patti Wilkinson at (919) 962-1647 or email at pattiw@unc.edu

This mail ballot was approved by the Board of Trustees with a majority vote on August 14, 2014. Lowry Caudill, Alston Gardner, Sallie Shuping-Russell, Jeff Brown, Phil Clay, Haywood Cochrane, Don Curtis, Peter Grauer, Steve Lerner, Dwight Stone and Andrew Powell approved this action.



MEMORANDUM

TO: Members of the Board of Trustees

FROM: Carol L. Folt, Chancellor

RE: Mail Ballot

DATE: August 15, 2014

You have authorized my office to poll you by mail concerning personnel matters which require attention by the Board. Accordingly, we are transmitting to you herewith personnel actions as follows:

EPA Non-Faculty Compensation Actions Appendix A

EPA Faculty Compensation & Tenure Actions Appendix B

Please mark and return the enclosed mail ballot indicating whether or not you agree with the actions proposed. Thank you.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

BOARD OF TRUSTEES

103 SOUTH BUILDING
CAMPUS BOX 9100
CHAPEL HILL, NC 27599

T 919.962.1365
F 919.962.1647
bot.unc.edu

Mail Ballot
Board of Trustees
August 15, 2014

Chancellor Carol Folt submits for your review and approval the EPA Non-Faculty and EPA Faculty Personnel Actions as recommended for August 2014. This mail ballot will be approved as part of the Consent Agenda at the Full Board meeting on Thursday, September 25, 2014.

The undersigned votes as follows with recommendation to these proposed actions as presented by the Chancellor.

	Approve	Disapprove
EPA Non-Faculty Compensation Requests (Appendix A)	<input type="checkbox"/>	<input type="checkbox"/>
Faculty Salary Increases and Tenure Promotions (Appendix B)	<input type="checkbox"/>	<input type="checkbox"/>

Signature_____

Printed Name_____

Date_____

Please fax to Patti Wilkinson at (919) 962-1647 or email at pattiw@unc.edu

This mail ballot was approved by the Board of Trustees with a majority vote on August 19, 2014. Lowry Caudill, Alston Gardner, Sallie Shuping-Russell, Phil Clay, Haywood Cochrane, Don Curtis, Chuck Duckett, Peter Grauer, and Andrew Powell approved this action.

University of North Carolina at Chapel Hill Board of Trustees
EXECUTIVE SUMMARY (EPA Non-Faculty)
Meeting Date: August 2014 (Mail Ballot)

Appendix A

Compensation Actions												
No.	College/Division	Employee Last Name	Employee First Name	Department	Rank/Title	Reason	Requested Increase \$\$	Requested Increase %	June 30 Salary	Current Salary	Proposed Salary	Effective Date
1	School of Medicine	Ranney	Leah	Family Medicine	Director, Tobacco Prevention and Evaluation Program	Promotion and/or Reallocation to Higher - Level: This promotion results from the position being reallocated to a higher-level classification. In the current position (Associate Director, Tobacco Prevention and Evaluation Program), the duties include assisting with research and evaluation design, implementation, analysis, and dissemination of findings. In the new role (Director, Tobacco Prevention and Evaluation Program), the duties will include managing a new university initiative for UNC Hospitals and UNC Faculty Physicians; developing processes for verification of physician participation in university quality improvement efforts and leading program expansion across the state; and managing budget and personnel for the program. The requested salary is commensurate with other similarly situated employees, results in a market index of 90%, and creates no equity issues. ☐	11,684	14.50	\$ 80,580	\$ 80,580	\$92,264.00	8/1/2014
2	School of Pharmacy	Fallon	John K.	Molecular Pharmaceutics	Research Associate	Prevailing Wage Requirement: The increase is the result of a required Application for Prevailing Wage Determination to the U.S Department of Labor in connection with immigration processing, in which a prevailing wage of \$51,002 was determined for the role of Research Associate. This increase is commensurate with other similarly situated employees and creates no equity issues.	5,098	11.11	\$ 45,904	\$ 45,904	\$51,002.00	8/1/2014

University of North Carolina at Chapel Hill Board of Trustees
EXECUTIVE SUMMARY (EPA Non-Faculty)
Meeting Date: August 2014 (Mail Ballot)

3	Provost	Perkins	Ni-Eric	Undergraduate Admissions	Senior Assistant Director	Promotion and/or Reallocation to Higher - Level: This promotion results from the position being reallocated to a higher-level classification. In the current position (Assistant Director), the duties include evaluating undergraduate candidates and exercising the authority to make admissions decisions on behalf of the University. In the new role (Senior Assistant Director), the duties will include residency determination, transfer credit award, readmission, and part-time classroom studies application review. The requested salary is commensurate with other similarly situated employees, results in a market index of 71%, and creates no equity issues.	8,400	17.14	\$ 49,000	\$ 49,000	\$57,400.00	8/1/2014
4	FPG Child Development Institute	Metz	Allison J.	FPG Child Development Institute	Senior Scientist	Promotion and/or Reallocation to Higher - Level: This promotion results from the position being reallocated to a higher-level classification. In the current position (Scientist), the duties include participating in rapid and long-term plan-do-study-act cycles within the National Implementation Network and providing training and coaching on implementation, organization change, and system transformation. In the new role (Senior Scientist), the duties will include implementing and scaling-up evidence-based and evidence-informed programs and strategies; providing implementation-informed training and technical assistance as part of the Children's Bureau's Permanency Innovations Initiative Training and Technical Assistance Center; and serving as Principal Investigator of a multi-year project focused on developing an effective, sustainable post-care service system. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	16,114	14.90	\$ 108,150	\$ 108,150	\$124,264.00	8/1/2014

University of North Carolina at Chapel Hill Board of Trustees
EXECUTIVE SUMMARY (EPA Non-Faculty)
Meeting Date: August 2014 (Mail Ballot)

5	FPG Child Development Institute	Roman-Oertwig	Sandra	FPG Child Development Institute	Scientist	Promotion and/or Reallocation to Higher - Level: This promotion results from the position being reallocated to a higher-level classification. In the current position (Investigator), the duties include actively engaging in one or more research or evaluation projects, facilitating the FirstSchool reform process in at least four elementary schools in North Carolina, and participating in broader FirstSchool implementation efforts. In the new role (Scientist), the duties will include serving as Director of School Implementation for the FirstSchool; serving as Principal Investigator responsible for leading research, design, and analysis; and providing research expertise and professional development support in collaboration with districts, schools, administrators, and teachers. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	14,580	14.90	\$ 97,850	\$ 97,850	\$112,430.00	8/1/2014
6	Athletics	Pogge	John Paul	Athletics - Director's Office	Associate Athletic Director	Permanent increase in job duties or responsibilities: The current duties include developing, implementing, coordinating, and administering risk management best practices for the Department of Athletics. The new additional duties will include overseeing and managing the Department of Athletics Title VII Committee; serving as liaison to the University's Equal Opportunity and Compliance Office and Department of Public Safety regarding Title IX matters; coordinating and administering NCAA (National Collegiate Athletic Association), Atlantic Coast Conference, and UNC compliance initiatives; developing and updating Department of Athletics policies to ensure compliance with University and NCAA policies; overseeing the Athletics Human Resources Services Office; overseeing the Athletics Ticket Office and Finley Golf Course; and serving as primary sport administrator for the men's golf program. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	23,507	32.88	\$ 71,493	\$ 71,493	\$95,000.00	8/1/2014
7	University Relations	Judge	Phoebe	WUNC Radio	Reporter / News Anchor	Retention: The requested salary adjustment is due to the employee receiving a competitive external offer of \$63,000 from KJZZ, the public radio station in Phoenix, Arizona. The loss of Ms. Judge would result in a costly national search and training, and may have negative impacts on the ratings of the show. The requested salary is commensurate with other similarly situated employees and creates no equity issues.	8,081	14.20	\$ 56,919	\$ 56,919	\$65,000.00	8/1/2014

University of North Carolina at Chapel Hill Board of Trustees
EXECUTIVE SUMMARY (EPA Non-Faculty)
Meeting Date: August 2014 (Mail Ballot)

Non-Salary Compensation Actions

No.	College/Division	Employee Last Name	Employee First Name	Department	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date		
1	None											

Information Items

No.	College/Division	Employee Last Name	Employee First Name	Department	Rank/Title	Reason	Requested Increase \$\$	Requested Increase %	June 30 Salary	Current Salary	Proposed Salary	Effective Date
1	Arts & Sciences	Manual	Ronda	Arts & Sciences Foundation	Associate Director of Development	Competitive Promotion (Approved by President - UNC General Administration)	9,642	13.33	\$ 72,358	\$ 72,358	\$82,000.00	8/1/2014
2	School of Medicine	Schneider	Eric	Global Health	(EPA NF) Assistant Director & Research Administrator	Competitive Promotion (Approved by President - UNC General Administration)	29,381	41.90	\$ 70,119	\$ 70,119	\$99,500.00	8/1/2014
3	Public Health	Miller	Crystal	Public Health	Associate Dean for Advancement	Competitive Promotion (Approved by President - UNC General Administration)	43,485	29.99	\$ 144,984	\$ 144,984	\$188,469.00	8/1/2014
4	Arts & Sciences	Keith	Stephen	Arts & Sciences Foundation	Associate Director of Development	Competitive Promotion (Approved by President - UNC General Administration)	20,787	43.29	\$ 48,013	\$ 48,013	\$68,800.00	8/1/2014
5	Arts & Sciences	Pleasants	Robert	The Learning Center	Assistant Director of The Learning Center	Competitive Promotion (Approved by President - UNC General Administration)	13,549	29.17	\$ 46,451	\$ 46,451	\$60,000.00	8/1/2014
6	School of Medicine	Stevens	Emily	Medicine Administration	Director, Medical Education & Alumni Development	Competitive Promotion (Approved by President - UNC General Administration)	15,000	16.67	\$ 90,000	\$ 90,000	\$105,000.00	8/1/2014

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
August 28, 2014

Appendix B

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
Personnel Actions								
New Appointments without Tenure								
1	Health Affairs	Deb Bhowmick	Neurosurgery	Visiting Assistant Professor	Assistant Professor	N/A	8/31/2014	\$345,100.00
2	Health Affairs	Lauren Calandruccio	Allied Health Sciences	Research Assistant Professor	Assistant Professor	N/A	9/1/2014	\$89,092.00
3	Health Affairs	Kimon Divaris	Pediatric Dentistry	Research Assistant Professor	Associate Professor	N/A	9/1/2014	\$113,966.00
4	Health Affairs	Stacie Dusetzina	Pharmacy	Research Assistant Professor	Assistant Professor	N/A	8/1/2014	\$105,000.00
5	Health Affairs	Jennifer Flythe	Medicine	Visiting Assistant Professor	Assistant Professor	N/A	9/1/2014	\$150,000.00
6	Health Affairs	Daniel Gonzalez	Pharmacy	N/A	Assistant Professor	N/A	6/1/2014	\$115,000.00
7	Academic Affairs	Erik Hanson	Exercise & Sport Medicine	N/A	Assistant Professor	N/A	1/1/2015	\$75,000.00
8	Health Affairs	Tracy Manuck	OB-GYN	N/A	Assistant Professor	N/A	9/22/2014	\$265,000.00
9	Health Affairs	Lukasz Mazur	Radiation Oncology	Research Assistant Professor	Assistant Professor	N/A	9/1/2014	\$120,000.00
10	Health Affairs	Daniel McKay	Biology	N/A	Assistant Professor	N/A	7/1/2014	\$85,000.00
11	Health Affairs	Cleo Samuel	Health Policy & Management	N/A	Assistant Professor	N/A	7/7/2014	\$115,000.00
12	Academic Affairs	Kimberly Stern	English & Comparative Literature	N/A	Assistant Professor	N/A	1/1/2015	\$70,000.00
13	Health Affairs	Thomas Urban	Pharmacy	N/A	Assistant Professor	N/A	8/1/2014	\$115,000.00
14	Health Affairs	John Vavalle	Medicine	Visiting Assistant Professor	Assistant Professor	N/A	9/1/2014	\$260,000.00
Addition of Joint Appointment without Tenure								
0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Promotion to Full Professor								
1	Health Affairs	Cheryl Jones	Nursing	Associate Professor	Professor	N/A	8/29/2014	\$117,993.00
2	Health Affairs	Kari North	Epidemiology	Associate Professor	Professor	N/A	9/1/2014	\$149,859.00
3	Health Affairs	Eliana Perrin	Pediatrics	Associate Professor	Professor	N/A	9/1/2014	\$152,392.00
4	Health Affairs	Bahjat Qaqish	Biostatistics	Associate Professor	Professor	N/A	9/1/2014	\$131,299.00
5	Academic Affairs	Christopher Roush	Journalism & Mass Communication	Associate Professor	Professor	N/A	8/29/2014	\$95,240.00
6	Health Affairs	Cyrus Vaziri	Pathology & Laboratory Medicine	Associate Professor	Professor	N/A	10/1/2014	
			Biochemistry & Biophysics	Associate Professor	Professor	N/A	10/1/2014	\$127,308.00
Reappointments to the same Rank								
1	Health Affairs	Amy Bryant	OB-GYN	Assistant Professor	Assistant Professor	N/A	9/1/2015	\$195,000.00
2	Health Affairs	Stephanie Gupton	Cell Biology & Physiology	Assistant Professor	Assistant Professor	N/A	4/29/2015	\$100,000.00
3	Health Affairs	Michelle Mendez	Nutrition	Assistant Professor	Assistant Professor	N/A	9/18/2015	\$96,140.00

The University of North Carolina at Chapel Hill

EXECUTIVE SUMMARY

Board of Trustees

August 28, 2014

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
4	Health Affairs	Praveen Sethupathy	Genetics	Assistant Professor	Assistant Professor	N/A	9/1/2014	\$128,524.00
5	Health Affairs	Spencer Smith	Cell Biology & Physiology	Assistant Professor	Assistant Professor	N/A	7/29/2015	\$100,000.00
6	Academic Affairs	Dana Thompson Dorsey	Education	Assistant Professor	Assistant Professor	N/A	1/1/2016	\$70,040.00
Designation/Reappointments to Departmental Chair								
0	N/A							
Designation/Reappointments to Distinguished Professorship								
1	Academic Affairs	Alan Nelson	Graduate School	N/A	Distinguished Term Professor	N/A	1/1/2015	\$123,327.00
2	Academic Affairs	Robert Strauss	OB-GYN	Professor	Cefala Bowes Distinguished Clinical Professor	N/A	8/29/2014	\$329,521.00
Actions Conferring Tenure								
Promotion Conferring Tenure								
1	Health Affairs	Ronald Chen	Radiation Oncology	Assistant Professor	Associate Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	8/29/2014	\$240,000.00
2	Health Affairs	George Fedoriw	Pathology & Laboratory Medicine	Assistant Professor	Associate Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	10/1/2014	\$154,679.00
3	Health Affairs	Samuel Jones	Surgery	Assistant Professor	Associate Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	8/29/2014	
			Pediatrics		Associate Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	8/29/2014	\$316,487.00
4	Health Affairs	Yisong Wan	Microbiology & Immunology	Assistant Professor	Associate Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	8/29/2014	\$120,500.00
New Appointments Conferring Tenure								
1	Health Affairs	Nancy Chescheir	OB-GYN	N/A	Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	8/29/2014	\$337,250.00
2	Health Affairs	Ricardo Teles	Periodontology	N/A	OraPharma Distinguished Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	8/29/2014	\$188,000.00
Addition of Joint Appointment Conferring Tenure								
1	Health Affairs	Adaora Adimora	Epidemiology	Professor	Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	9/1/2014	\$215,560.00
2	Health Affairs	Andrew Lee	Biochemistry & Biophysics	Professor	Professor	Promotion recommendation to tenured associate professor based on accomplishments in teaching, research and service.	9/1/2014	\$140,027.00
Corrections								
0	N/A	N/A						

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
July 14, 2014

No.	College/Division	Name	Department/School	Rank	Reason	Requested Increase Amount	Percent of Increase	Current Salary	New Salary	Effective Date
Compensation Actions						<small>* Available funding for each action has been confirmed by the appropriate Department and School/Division management officials to support the proposed salary increase. Upon implementation, specific funding sources are reviewed and approved at the Department level, as well as by the applicable University Central financial offices, including the University Budget Office and the Office of Sponsored Research for grant funded salaries.</small>				
1	Academic Affairs	Marc Cohen	College of Arts and Sciences	Lecturer	Increase due to additional duties as Carolina Scholars Faculty Partner	\$5,000	11.11%	\$45,000	\$50,000	8/1/2014
2	Health Affairs	Stephanie Crapo	School of Medicine	Clinical Instructor	Increase due to promotion to Clinical Assistant Professor	\$116,000	210.91%	\$55,000	\$171,000	7/1/2014
3	Health Affairs	Dirk Dittmer	School of Medicine	Professor	Increase due to additional duties as Co-Director of Global Oncology Research Program	\$20,000	11.43%	\$175,000	\$195,000	9/1/2014
4	Academic Affairs	Dana Falkenberg	College of Arts and Sciences	Lecturer	Increase due to departmental course rate of pay from TA to Lecturer	\$24,800	163.16%	\$15,200	\$40,000	9/1/2014
5	Health Affairs	Joel Farley	School of Pharmacy	Associate Professor	Increase due to additional duties as Interim Director for the Center for Pharmaceutical Outcomes and Practice Innovation	\$20,000	17.00%	\$117,677	\$137,677	7/1/2014
6	Health Affairs	Seth Glickman	School of Medicine	Clinical Assistant Professor	Increase due to additional duties as Director of the Office of Population and Value Care for the UNC Health Care System	\$50,000	18.87%	\$265,000	\$315,000	9/1/2014
7	Academic Affairs	Irene Gomez-Castellano	College of Arts and Sciences	Assitant Professor	Increase due to additional duties as Director of Graduate Studies and Graduate Admissions in the Department of Romance Languages	\$7,000	10.85%	\$69,500	\$71,500	8/1/2014
8	Health Affairs	Daniel Gonzalez	School of Pharmacy	Post Doc Research Associate	Associate to Assistant Professor	\$65,116	130.53%	\$49,884	\$115,000	6/1/2014
9	Academic Affairs	Anne Jones	School of Social Work	Clinical Associate Professor	Increase due to promotion to Clinical Professor	\$10,055	13.00%	\$77,345	\$87,400	9/1/2014
10	Health Affairs	Ching Chang Ko	School of Dentistry	Professor	Increase due to G. Fred Hale Distinguished Professorship	\$47,800	34.59%	\$138,200	\$186,000	9/1/2014
11	Health Affairs	Megan Landfried	School of Public Health	MPH Program Manager	Increase due to promotion to Lecturer	\$10,771	18.19%	\$59,229	\$70,000	8/1/2014
12	Health Affairs	Beatriz Paniagua	School of Medicine	Research Assistant Professor	Increase due to increase in prevailing wage, required for H-1B petition, which needs to be filed Sept 2014	\$11,840	15.79%	\$75,000	\$86,840	1/1/2015
13	Health Affairs	Christina Shenvi	School of Medicine	Clinical Instructor	Increase due to promotion to Clinical Assistant Professor	\$100,000	140.85%	\$71,000	\$171,000	7/1/2014
14	Academic Affairs	James Thompson	College of Arts and Sciences	Professor	Increase due to additional duties as Associate Dean of Undergraduate Curriculum	\$15,000	11.70%	\$128,170	\$143,170	8/1/2014
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No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date
Non-Salary Compensation Actions									
0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

CAROL L. FOLT
Chancellor

103 SOUTH BUILDING
CAMPUS BOX 9100
CHAPEL HILL, NC 27599

T 919.962.1365
F 919.962.1647
carol.folt@unc.edu

MEMORANDUM

TO: Members of the Board of Trustees

FROM: Carol L. Folt

RE: Mail Ballot

DATE: September 19, 2014

I write to request your approval by mail ballot of the following matters:

Endowment Fund: North Carolina General Statute 116-36 and Board of Governors' regulations require that the Board of Trustees elect the membership of the Endowment Board of Trustees. There are two (2) vacancies. Attached is a chart showing the names and terms of the current Endowment Trustees. The nominees for each vacancy are shown in bold on the chart.

The University of North Carolina at Chapel Hill Foundation, Inc. (Foundation): The Bylaws of the Foundation provide that the Board of Trustees shall elect two directors from the membership of the Board of Trustees and three directors from the membership of the Endowment Trustees. There is one (1) vacancy in the Endowment category of directors. A chart showing the current directors, all of the proposed directors (in bold), and the method of selection of each director is attached. The election of the directors in category II is not part of this mail ballot.

I recommend election of the proposed nominees.

cc: Matthew Fajack
David Routh
Jonathon King

**THE BOARD OF TRUSTEES OF THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

**MEMBERSHIP – MINIMUM 6; MAXIMUM 9
(three year term)***

MEMBERS ELECTED BY BOARD OF TRUSTEES

	<u>TERM</u>
Chairman Board of Trustees	(Ex-Officio)
Chancellor	(Ex-Officio)
Sallie Shuping-Russell	(Ex-Officio)
John Townsend	2015
Peter Grauer	2015
John Ellison	2016
Steve Lerner	2016
<u>David Carroll</u>	<u>2017</u>
(vacancy created by expiration of term of Nelson Schwab)	
<u>Max Chapman</u>	<u>2017</u>
(vacancy created by expiration of term of Max Chapman)	

* Effective with appointments after July 26, 1996, individuals are eligible for a maximum of two consecutive 3 year terms. Individuals are eligible for reappointment after one year has elapsed from conclusion of most recent term.

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL FOUNDATION, INC.
BOARD OF DIRECTORS
17 MEMBERS; METHOD OF SELECTION

I. NINE EX-OFFICIO MEMBERS

A. 4 BY VIRTUE OF OFFICE (term concurrent with office tenure)

Chairman of the Board of Trustees
Chancellor
Vice Chancellor for Finance and Administration
Vice Chancellor for University Advancement

B. 2 ELECTED BY BOARD OF TRUSTEES FROM BOARD OF TRUSTEES MEMBERSHIP (term concurrent with Board tenure)*

Sallie Shuping-Russell	2015
Steve Lerner	2015

C. 3 ELECTED BY BOARD OF TRUSTEES FROM MEMBERSHIP OF THE BOARD OF TRUSTEES OF THE ENDOWMENT FUND (term concurrent with Endowment tenure)*

Peter Grauer	2015
John Townsend	2015
David Carroll	2017
(vacancy created by expiration of term of Nelson Schwab)	

II. EIGHT DIRECTORS ELECTED BY THE NINE EX-OFFICIO DIRECTORS (four year term)

Nelson Schwab	2015
(vacancy created by election of David Carroll as Endowment Fund representative)	
Ed Fritsch	2015
Mercer Reynolds	2016
Mike Overlock	2016
David Pardue	2017
Kel Landis	2017
Max Chapman	2018
(vacancy created by expiration of term of Max Chapman)	
Roger Perry	2018
(vacancy created by expiration of term of Roger Perry)	

* Chairman of the Board of Trustees may vote but is not eligible for election.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

CAROL L. FOLT
Chancellor

103 SOUTH BUILDING
CAMPUS BOX 9100
CHAPEL HILL, NC 27599

T 919.962.1365
F 919.962.1647
carol.folt@unc.edu

Mail Ballot
Board of Trustees
September 19, 2014

Attached for your review and approval is a memo detailing the issues associated with this mail ballot. This mail ballot will be approved as part of the Consent Agenda at the Full Board meeting on Thursday, September 25, 2014.

The undersigned votes as follows with respect to the recommendation proposed in Chancellor Folt's memorandum dated September 19, 2014.

	Approve	Disapprove
Election of David Carroll and Max Chapman to the Endowment Fund each for a three (3) year term ending in 2017.	<input type="checkbox"/>	<input type="checkbox"/>

	Approve	Disapprove
Election of David Carroll to the Foundation's Board of Directors for a term concurrent with his term as an Endowment Trustee	<input type="checkbox"/>	<input type="checkbox"/>

Signature_____

Printed Name_____

Date_____

Please fax to TJ Scott at (919) 962-1647 or email at tj_scott@unc.edu

This mail ballot was approved by the Board of Trustees with a majority vote on September 23, 2014. Lowry Caudill, Haywood Cochrane, Donald Curtis, Chuck Duckett, Kelly Hopkins, Dwight Stone and Andrew Powell approved this action.



MEMORANDUM

July 15, 2014

TO: Chief Executive Officers of Atlantic Coast Conference Member Institutions

FROM: John D. Swofford
Commissioner

SUBJECT: 2014-15 ACC Governing Board Certification Form

Please find attached a copy of the 2014-15 Atlantic Coast Conference Governing Board Certification form. The form is to be completed annually by the Chair of the Governing Board in order for a member institution to enter a team or individual competitors in an ACC Championship as indicated in Article XI, Section XI-2 of the ACC Bylaws.

Please review this policy with your Governing Board by **October 17, 2014** and return the signed form to me at the Conference office.

Thank you and best regards.

Attachment

JDS/BH:th

cc Faculty Athletics Representatives
Athletics Directors
Compliance Directors






**Governing Board Certification Form
Academic Year 2014-15**

As Chairman of the Governing Board at University of North Carolina at Chapel Hill, I attest that:

- 1) Responsibility for the administration of the athletics program has been delegated to the Chief Executive Officer of the Institution.
- 2) The Chief Executive Officer has the mandate and support of the board to operate a program of integrity in full compliance with NCAA, ACC and all other relevant rules and regulations.
- 3) The Chief Executive Officer, in consultation with the Faculty Athletics Representative and the Athletics Director, determines how the institutional vote shall be cast on issues of athletics policy presented to the NCAA and the ACC.

Date Presented to the Governing Board: 8/21/14

Signed: 
(Chairman of the Governing Board)

Signed: 
(CEO of Member Institution)

Please return completed form before **October 17, 2014** to:

Commissioner John D. Swofford
Atlantic Coast Conference
4512 Weybridge Lane
Greensboro, NC 27407



Development Report FY 2015

Cash Received:	9/19/14	9/19/13	Variance	% Change
Gifts	\$25,249,058	\$18,795,642	\$6,453,416	34%
Grants	\$16,012,010	\$15,871,028	\$ 140,982	1%
Total Cash Received:	\$41,261,068	\$34,666,670	\$6,594,398	19%
New Cash and Commitments:				
	\$41,987,539	\$32,691,331	\$9,296,208	28%
In the Pipeline:				
	Prospect	Intent	Proposal	
	\$97,484,626	\$97,405,447	\$128,328,360	

SPECIAL OBLIGATION BOND PROJECT

The General Statutes permit the Board of Governors to issue special obligation bonds payable from obligated resources to fund the costs of acquiring, constructing or providing a special obligation project at any of the constituent institutions of the University of North Carolina. The General Statutes require the Board of Trustees of The University of North Carolina at Chapel Hill to approve the issuance of the bonds for its special obligation bond projects.

Attached is a resolution authorizing the issuance of special obligation bonds for one self-liquidating project recently approved by the North Carolina General Assembly. Debt service will be funded consistent with the project's funding plan.

RECOMMENDED ACTION:

A motion to approve the attached resolution.

**RESOLUTION OF THE BOARD OF TRUSTEES OF
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
APPROVING THE ISSUANCE OF SPECIAL OBLIGATION BONDS**

WHEREAS, under Article 3, Section 116D General Statutes of North Carolina (the "*Act*") the Board of Governors (the "*Board of Governors*") of the University of North Carolina (the "*University*") may issue special obligation bonds, payable from obligated resources to pay the costs of acquiring, constructing or providing a special obligation project at one of the constituent institutions of the University or refunding any obligations previously issued by the Board of Governors;

WHEREAS, The University of North Carolina at Chapel Hill ("*UNC-CH*") will request the Board of Governors to issue its special obligation bonds in one or more series to be known as "*The University of North Carolina at Chapel Hill General Revenue Bonds*" or "*The University of North Carolina System Commercial Paper Bonds (UNC at Chapel Hill/NC State)*", with appropriate series designations for each series (collectively, the "*Bonds*"), the proceeds of which will be applied to:

(1) financing the costs of the project set forth in Exhibit A (collectively, the "*Special Obligation Bond Projects*"), and

(2) paying the costs incurred in connection with the issuance of the Bonds;
and:

WHEREAS, Section 116D-26(b) of the Act requires the Board of Trustees of The University of North Carolina at Chapel Hill to approve the issuance of the Bonds for the Special Obligation Bond Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of The University of North Carolina at Chapel Hill as follows:

Section 1. ***Approval of Issuance of Bonds.*** The issuance of the Bonds for the Special Obligation Bond Projects is approved.

Section 2. ***Effective Date.*** This Resolution is effective immediately.

ADOPTED AND APPROVED this 25 day of September, 2014.

**THE BOARD OF TRUSTEES OF THE UNIVERSITY OF
NORTH CAROLINA AT CHAPEL HILL**

By: 
Assistant Secretary

STATE OF NORTH CAROLINA)
) SS:
COUNTY OF ORANGE)

I, Dwayne Pinkney, the duly elected Assistant Secretary of the Board of Trustees of The University of North Carolina at Chapel Hill, ***DO HEREBY CERTIFY*** that (1) the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Trustees of The University of North Carolina at Chapel Hill at its meeting of September 25, 2014 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Trustees of The University of North Carolina at Chapel Hill held on September 25, 2014 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 25, 2014 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of The University of North Carolina at Chapel Hill this ____ day of September, 2014.

[SEAL]



Assistant Secretary

EXHIBIT A

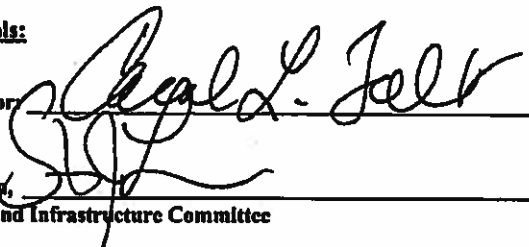
Chilled Water Plant at Manning Drive

**UNC-CH Internal Audit
Audit Schedule - 2014/15**

<u>Routine Audits</u>	<u>Hours Budgeted</u>
<u>In Process</u>	
University-wide Follow Up	400
School of Dentistry	100
School of Law	150
Follow-up to Development Travel	200
<u>Scheduled</u>	
Human Resources	400
WUNC-FM	400
Grant Close-out Process - Departments	450
Friday Center	400
Total for Routine Audits	<u>2,500</u>
<u>Annual Projects</u>	
Enterprise Resource Planning	1,000
UNC FIT 2015	150
Total for Annual Projects	<u>1,150</u>
<u>Audit Related</u>	
Office Systems	500
CERTIF Project	250
PeopleSoft Training	1,500
Audit Related Pool	700
Total for Audit Related	<u>2,950</u>
<u>Unplanned Projects</u>	<u>2,500</u>
Total Hours Scheduled	<u>9,100</u>
Total Hours Available	9,276
Under/<Over> Scheduled	<u>176</u>

Approvals:

Chancellor


Date: 9/24/14

Chairman

Finance and Infrastructure Committee

Date: 9/24/14

ATTACHMENT F

DESIGNER SELECTION – CRAIGE RESIDENCE HALL ROOF REPLACEMENT

This project will replace the existing roof and install a fall protection system at Craige Residence Hall.

The project budget is \$464,800.00 and will be funded by Student Life and Residential Education.

This project was advertised on June 27, 2014. Nine (9) proposals were received. Three (3) firms were interviewed on August 7, 2014. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|------------------------------------|-------------|
| 1. Rooftop Systems Engineers, P.C. | Raleigh, NC |
| 2. REI Engineers | Raleigh, NC |
| 3. Stafford Consulting Engineers | Raleigh, NC |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

RECOMMENDED ACTION:

A motion to approve the three firms in the following priority order:

- | | |
|------------------------------------|-------------|
| 1. Rooftop Systems Engineers, P.C. | Raleigh, NC |
| 2. REI Engineers | Raleigh, NC |
| 3. Stafford Consulting Engineers | Raleigh, NC |

ATTACHMENT G

DESIGNER SELECTION – CRAIGE RESIDENCE HALL ELEVATOR MODERNIZATION

This project will modernize the two elevators in Craige Residence Hall with new control systems. Other repairs will be made to address the current elevator code deficiencies.

The project budget is \$546,400.00 and will be funded by Student Life and Residential Education.

This project was advertised on June 27, 2014. Six (6) proposals were received. Three (3) firms were interviewed on August 5, 2014. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|----------------------------|-----------------|
| 1. J.B. Hawkins, Architect | Chapel Hill, NC |
| 2. The Wooten Company | Raleigh, NC |
| 3. Engineered Designs Inc. | Cary, NC |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

RECOMMENDED ACTION:

A motion to approve the three firms in the following priority order:

- | | |
|----------------------------|-----------------|
| 1. J.B. Hawkins, Architect | Chapel Hill, NC |
| 2. The Wooten Company | Raleigh, NC |
| 3. Engineered Designs Inc. | Cary, NC |

ATTACHMENT H

DESIGNER SELECTION – KENAN LABORATORIES BUILDING ENERGY CONSERVATION

This project will provide the design and implementation of energy conservation measures in this laboratory/classroom facility.

The project budget is \$1.0M and will be funded by University funds.

This project was advertised on August 7, 2014. Eleven (11) proposals were received. Three (3) firms were interviewed on September 10, 2014. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|--------------------------|-------------|
| 1. McKim & Creed, Inc. | Raleigh, NC |
| 2. RMF Engineering | Raleigh, NC |
| 3. Elm Engineering, Inc. | Durham, NC |

The firms were selected for their past performance on similar projects, strength of their consultant team and their recommended approach for the energy conservation design.

RECOMMENDED ACTION:

A motion to approve the three firms in the following priority order:

- | | |
|--------------------------|-------------|
| 1. McKim & Creed, Inc. | Raleigh, NC |
| 2. RMF Engineering | Raleigh, NC |
| 3. Elm Engineering, Inc. | Durham, NC |

ATTACHMENT I

FOR SITE APPROVAL – UNC HOSPITALS PERIOPERATIVE TOWER ADDITION

This project is being developed by the UNC Health Care System to add new operating rooms, central sterile processing, administrative support space and infrastructure. The original site was approved by the Trustees at the September 2013 meeting.

The project site is being expanded to minimize the impacts to the existing Generator Plant, utility infrastructure and service area.

The project budget is \$143 million and will be funded by the UNC Health Care System.

The Chancellor's Buildings and Grounds Committee approved the revised site at its September 2014 meeting.

RECOMMENDED ACTION:

A motion to approve the site.

ATTACHMENT J

PROPERTY ACQUISITION BY LEASE – RETAIL AND OFFICE SPACE – ACKLAND ART MUSEUM STORE AND EQUAL OPPORTUNITY AND COMPLIANCE OFFICE

This request is to acquire approximately 6,332 SF of retail and office space from Riddle Commercial Properties Inc. located at 100 East Franklin Street in Chapel Hill for use by the Ackland Art Museum Store and the Equal Opportunity and Compliance Office. Both of these entities are currently located within this space with the current sublease expiring May 2015. These two departments desire to remain at this location due to having an established retail presence and the immediate proximity to campus. The new lease term will be five years at an annual cost of \$190,910; with an option to renew for an additional five years at the same annual cost. This equates to an annualized cost of \$30.15 per square feet inclusive of all utilities, taxes, insurance and common area maintenance. Phone and internet service will be paid separately by tenant.

RECOMMENDED ACTION:

A motion to recommend approval to acquire retail and office space by lease as described above.

REPORT TO THE FINANCE
AND INFRASTRUCTURE
COMMITTEE
OF THE
BOARD OF TRUSTEES

Internal Audit Department

University of North Carolina
at Chapel Hill

September 24, 2014

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT PROJECTS COMPLETED AND IN PROCESS
MAY 6 TO SEPTEMBER 8, 2014

Cell Biology and Physiology - a financial, compliance, and operational review of fiscal processes in this department. We identified opportunities for improving operations and processes but found no material control weaknesses.

Results of the audit include:

- Efforts to improve processes related to how administrative costs; costs of computers and peripherals; and costs for support staff, etc. are charged to sponsored awards.
- Proper documentation of a service contract, more timely billing for these services, and correct matching of the related costs and revenue.

The project is complete, management has proposed appropriate corrective action, and the report has been issued.

Neurology: National Institutes of Health (NIH) – specific procedures performed at the request of a research sponsor. Project examined management of travel-related expenses and time and effort certification and monitoring progress toward project goals. The project is complete and information about the results of the review was provided to NIH.

Neurology Department – a review of processes the department uses to manage its fiscal practices. Results of the audit include efforts to improve:

- Time and effort certification, reporting, and management;
- Accuracy and timeliness of costs charged to sponsored awards - initial charges and cost transfers;
- Processes related to how administrative costs are charged to sponsored awards;
- Timeliness and accuracy of award close-out; and
- Completeness of leave reporting.

The project is complete, management has proposed appropriate corrective action, and the report has been issued.

We will issue additional letters addressing management of time and effort reporting, cost transfers, and sponsored award close-out as University-wide issues and making recommendations related to travel expenses funded by outside entities.

School of Public Health– a financial, compliance, and operational review of the department; requested by management.

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT PROJECTS COMPLETED AND IN PROCESS
MAY 6 TO SEPTEMBER 8, 2014

The audit identified issues with late processing of employment and payroll actions and Forms I-9; incorrect timekeeping entries, some of which caused errors in amounts paid to employees; and the need for better management of teleworking and other off-site working arrangements.

The project is complete, management has proposed appropriate corrective action, and the report has been issued.

Follow-up for 2013 University A-133 Audit – mandatory project to assess the status of findings from the 2013 A-133 federal compliance audit. Based on our analyses, we concluded that all of these findings have been corrected. Complete.

School of Dentistry – a routine financial, compliance, and operational review of fiscal processes in the School. In general, the Schools controls and processes are satisfactory. However, the School has not yet developed a policy requiring its faculty and staff to report their relationships with vendors. The University and School need to be aware of these interactions so that relationships can be monitored for appropriateness and transparency.

This type of policy is in addition to the University's Conflicts of Interest and Commitment reporting requirements and is related to the Patient Protection Affordable Care Act which requires pharmaceutical and medical device companies to document and report annually all payments and gifts with a minimum value of \$10 for a single gift or \$100 per year given and other transfers of value to certain health care practitioners.

The audit also disclosed that receipts and expenses from School-sponsored continuing education programs held out-of-state had been accounted for on the books of the Dental Alumni Association rather than through state receipt accounts as required. In addition, exhibitor fees collected at state supported events had been deposited into Dental Foundation accounts. Both practices were previously reported and were discontinued during the audit. The incorrectly deposited funds have been recovered.

Draft report is with management

University-wide Follow-up Review – this review determines the status of previous audit findings – if findings have been corrected; if satisfactory progress is being made to resolve an issue; if corrective action is incomplete due to unforeseen circumstances; or if findings issues that should have been corrected have not been resolved.

In January 2014, we expanded the scope of this project to include all previously issued findings.

In most cases, prior findings have been corrected or management has made satisfactory progress toward correcting issues reported. However, in some cases, findings that could have been corrected have not been. None of these delays have caused findings to become unacceptable risks.

School of Law – a financial, compliance, and operational review of fiscal processes in the School. In process.

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT PROJECTS COMPLETED AND IN PROCESS
MAY 6 TO SEPTEMBER 8, 2014

Women's Studies – a financial, compliance, and operational review of the department; requested by management. We found that supporting documents for travel were sometimes missing or incomplete. We referred these items to management for resolution and will be working with individual in the department to try to obtain additional documentation. We also found that some unallowable travel expenses needed to be reimbursed; management is working to recover those funds. Financial support for the department has been transferred to a unified business center in the College of Arts and Sciences. Fieldwork is complete.

Orthodontics – assistance to management with a review of processes and transactions related to acquisition of dental molds and implants for patient care and instructional purposes. Potential issues related to procurement and patient information.

Learn NC – limited review of activity in sponsored awards managed by the School of Education. The review will focus on allocability of costs and the nature of financial information provided to award principal investigators.

Enterprise Resource Planning – advisory assistance to teams implementing modules of the new enterprise information technology systems. On-going

HIPPA Security Liaison; University-wide Committee on the Protection of Personal Data; Board of Trustees Enterprise Risk Management Task Force; CERTIF; IT Governance Committee; and, other short-term advisory projects – advisory work done to assist management with identifying and managing risks. On-going

ATTACHMENT L

FOR INFORMATION – STUDENT HOUSING PHASE III

This project will replace the existing Odum Village housing units with a new 275-bed suite-style residence hall. The building site was approved by the Trustees at the January 2014 meeting.

The project budget is \$30M and will be funded by Student Life and Residential Education.

The Chancellor's Buildings and Grounds Committee reviewed the project at its September 2014 meeting.

The design is presented to the Board of Trustees for information.

No formal action is requested at this time.

ATTACHMENT M

FOR INFORMATION - CAROLINA NORTH 2013-14 ANNUAL REPORT

The University has submitted the fifth Carolina North Annual Report to the Town of Chapel Hill in accordance with the requirements of the Development Agreement between the University and the Town of Chapel Hill.

This report is presented to the Board of Trustees for information.

No formal action is requested at this time.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

CAROLINA NORTH DEVELOPMENT AGREEMENT

ANNUAL REPORT - SEPTEMBER 1, 2014



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Cover photo of Bolin Creek: Jerry McGovern
Design: UNC Creative



2009 CAROLINA NORTH MAP

LEGEND

- Carolina North Surveyed Boundary
- Development Agreement Boundary



I. INTRODUCTION

While not yet developed, the Carolina North campus of the University of North Carolina at Chapel Hill is already an important part of the community. Hundreds of outdoor enthusiasts annually take advantage of Carolina North's extensive trail system for biking, running, hiking and walking.

This year, Carolina North became accessible to many more members of the community with the addition of a 10-foot-wide paved greenway. The Carolina North greenway offers access to the forest for many people unable or reluctant to use the current dirt and gravel trails, including those in wheelchairs,

parents pushing strollers, casual cyclists and children on skates or tricycles. To avoid disturbing the land more than once, the greenway was built in the same corridor as an existing utility ductbank. Two granite and stone benches have been placed on the greenway, which also has features to control stormwater in low-lying areas. The shoulders on each side of the greenway have been seeded to stabilize the area, and native plants will be added in the fall or winter. The greenway will eventually connect to the Town's planned Horace Williams Trail to the north and the proposed Campus-to-Campus Connector greenway to the south.

While providing greater access to Carolina North now, the University is also protecting the site's most ecologically valuable land for the future. The conservation areas set aside in accordance with the Development Agreement are being monitored for compliance by the Triangle Land Conservancy, which submitted its second set of monitoring reports this year.

This fifth Annual Report required under the Carolina North Development Agreement details the accomplishments described and the other activities over the reporting period.



Snowy pond in winter

II. 2013-2014 ACTIVITY HIGHLIGHTS



During this reporting period – July 1, 2013, through June 30, 2014 – the University has continued to lay the groundwork for future development at Carolina North. The following activities illustrate these preparations.

Completion of Carolina North greenway

The University completed construction of a 10-foot-wide paved greenway that offers more residents access to the Carolina North Forest. Currently, the southernmost part of the greenway follows the existing gravel Pumpkin Loop to Municipal Drive. Eventually the greenway will connect to the Town's planned Horace Williams Trail to the north along Homestead Road and the proposed Campus-to-Campus Connector greenway to the south.

Monitoring conservation areas

The Triangle Land Conservancy (TLC), the third-party contractor hired by the University to monitor the Carolina North conservation areas, issued its monitoring reports for the 2013-2014 reporting time frame. TLC visits the conservation areas yearly and submits reports for each conservation area to verify compliance with the restrictive covenants. The restrictive covenants and monitoring reports for each area are posted at <http://carolinanorth.unc.edu/NewsandUpdates/Plans,Reports,Studies>.

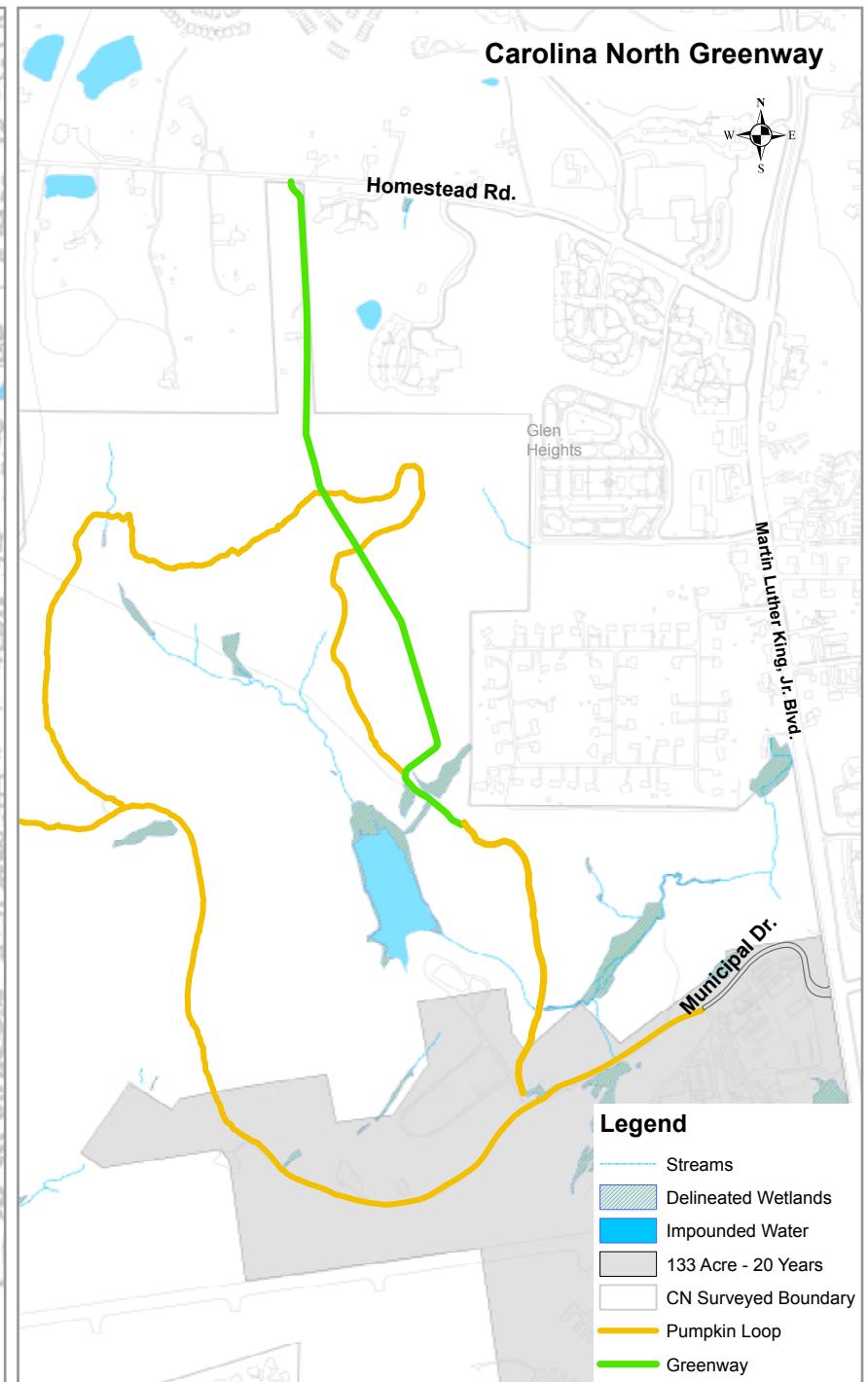
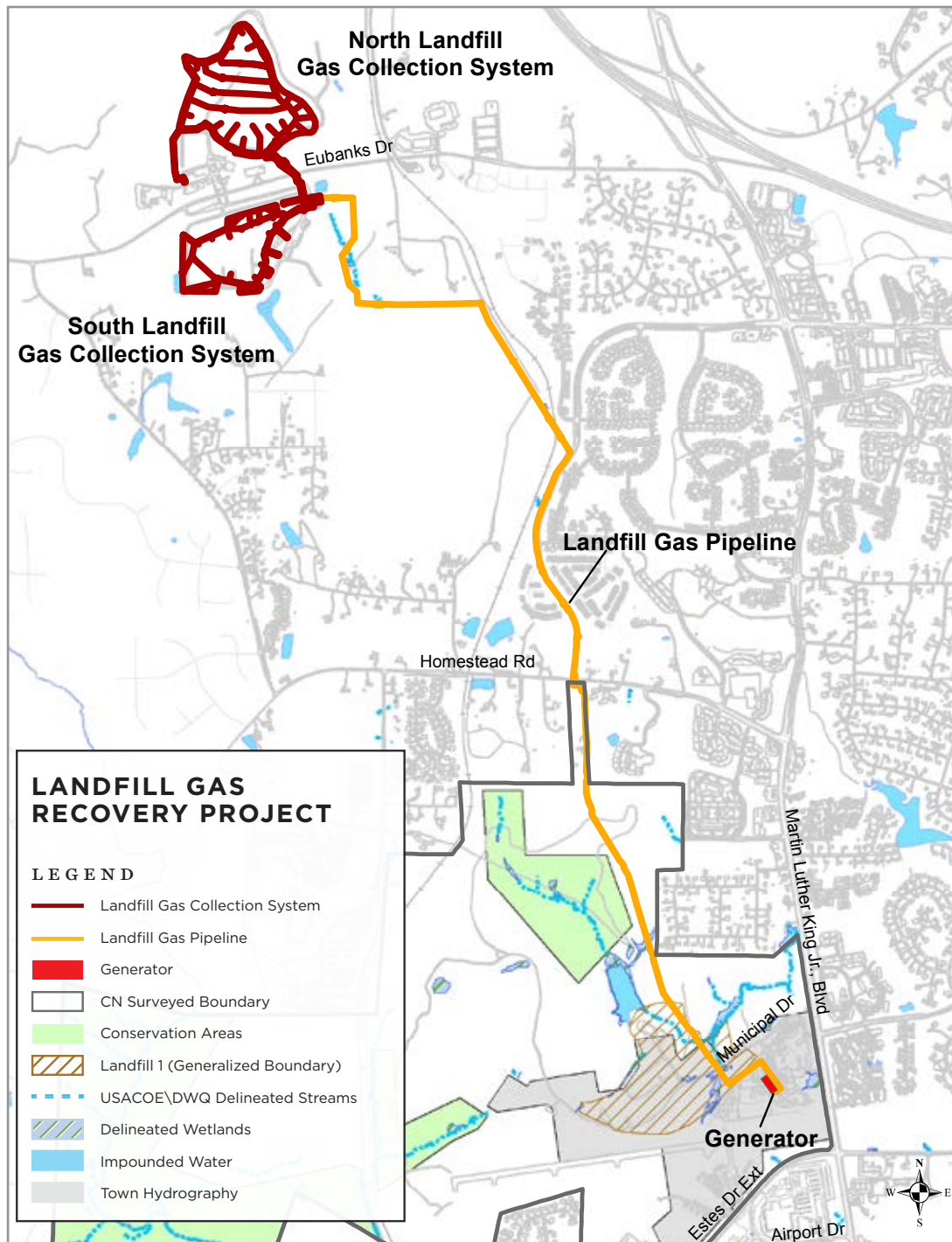
New greenway signs

Remediating old municipal landfill

On June 17, 2014, the University submitted a report summarizing 2012 and 2013 field activities to the North Carolina Department of Environment and Natural Resources' Pre-Regulatory Landfill Unit. Titled "Site Investigation and Development Options Evaluation Report," the report provided waste characterization data and information on how ground water moves through the landfill debris. This report is posted at <http://carolinanorth.unc.edu/NewsandUpdates/Plans,Reports,Studies>.

Cost-sharing for stormwater

In September 2012, the Town and University agreed that the 2009-2012 cost sharing agreement would be continued for the three-year period from July 1, 2012, to June 30, 2015, because the Town and University stormwater programs did not change substantially since the original agreement. This agreement calls for the University to pay 24 percent of the fee that would be charged based on the impervious surface area at the Carolina North tract and for the Town and University to continue equitable cost-sharing on capital projects. The 2012 agreement can be found at: <http://www.townofchapelhill.org/Modules/ShowDocument.aspx?documentid=15793>



III. 2013-2014 ACTIVITIES TO REPORT

A. Housing

Units constructed: None.

Estimated number of residents living in Carolina North housing: None.

Estimated number of Full Time Equivalent employees working on site at Carolina North, as of June 30, 2014:

- 1 FTE employee at Horace Williams Airport
- 2 FTE employees at the Carolina North Forest Management office
- 7 FTE employees at the Chapel Hill Police Department substation
- 1.5 FTE Grounds Department employees

B. Parking, Traffic and Transit

Report on parking provided vs. baseline parking ratios:

The University has not constructed any new facilities nor provided any additional parking during this reporting period. The Chapel Hill Police continue to have nonexclusive use of parking adjacent to their leased building.

Current status of transit planning for Carolina North Project and coordination within Short Range Transit Plan process:

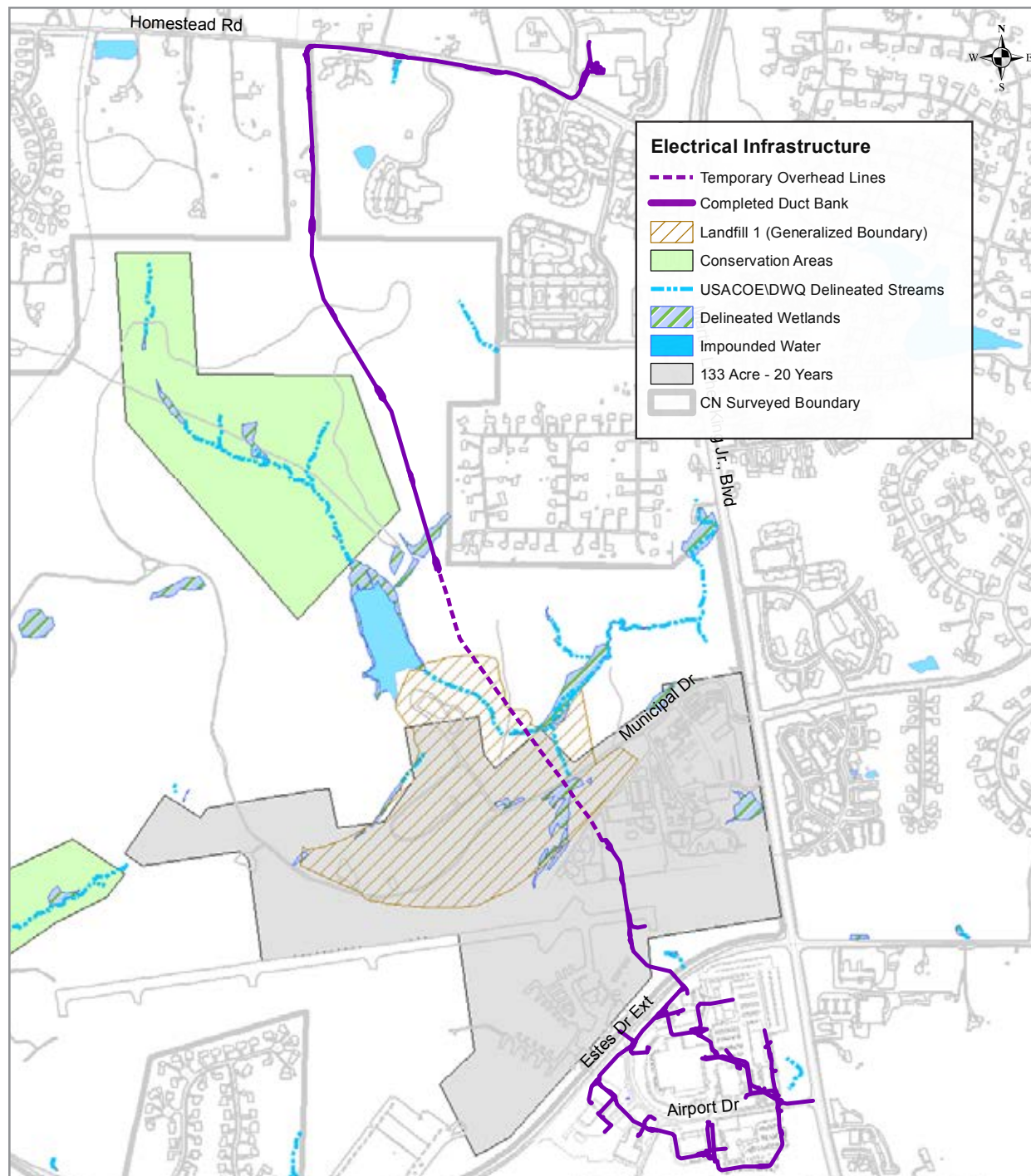
The Town and the University continue to work on several transit planning efforts that will impact access to Carolina North. The Orange County Bus and Rail Investment Plan, funded in part by a half-cent sales tax approved by Orange County voters, supports development of fixed guideway transit between Orange and Durham counties, as well as other transit system enhancements throughout the County and Chapel Hill. The Chapel Hill Transit

Partners have agreed upon the use of portions of the increased funding received by Chapel Hill Transit, including additional services that were implemented in August 2013. The North-South Corridor Study is an alternatives analysis of fixed guideway transit options along Martin Luther King Jr. Boulevard. The

transit improvements being analyzed, if funded, would serve Carolina North. The study is underway with scheduled completion by the end of 2015. The University is participating in both the policy and technical committees for this project. Development of the Long Range Financial Sustainability Plan for



Winter deer



Damselfly (top)

Conservation Area boundary marker (below)



Eagle Scout project

Chapel Hill Transit also is underway, and all Chapel Hill Transit Partners, including the University, are participating in this study.

Coordination with Transportation Management Plan
Transportation Management Plan coordination was not required because the University had no development during the reporting period.

C. Land Use and Activities in Limited Development Area

Chilled water, steam, electric ductbank, water and telecom lines:

- No activity on chilled water or steam lines.

- **Constructing Electrical Infrastructure Project Additions (electric ductbank):** The final phase of construction, which included the greenway and the temporary overhead power line through the old municipal landfill area, is now complete.
- **Installing landfill gas pipeline:** The methane gas collection system at the south landfill is now complete.

Reclaimed water line (with OWASA): No activity to report for this period.

Maintenance and improvements to existing utility lines: No activity to report for this period.

Stormwater lines and improvements: No activity to report for this period.

Stormwater structures: No activity to report for this period.

Public utility lines traversing site: No activity to report for this period.

Utility structures without a building (e.g., electrical substation): No activity to report for this period.

Alterations to utility equipment (generator, other mechanicals): No activity to report for this period.

Site storage and construction staging areas: No activity to report for this period.

Stream restoration projects: No activity to report for this period.

Greenways and other paved trails: Construction was completed on a north-south greenway in 2014, as a part of the electrical ductbank project.

Public art: No activity to report for this period.

Site clearing for any other purpose: No activity to report for this period.

Alterations (but not expansion) in existing parking lots, including repaving, replanting for stormwater mitigation, etc.: No activity to report for this period.

Roads, internal service without exterior connections and not designed for vehicular circulation to serve buildings within Carolina North developed area: No activity to report for this period.

Exterior tennis and basketball courts: No activity to report for this period.

Athletic facilities and events that are not buildings and that do not involve land clearing or grading of more than 20,000 square feet:

- Race to Sustainability 2.0, a 6K trail race sponsored by Revolution Biofuels (July 2013)
- Luau Social Run sponsored by Fleetfeet Sports (July 2013)
- UNC cross-country team training (August 2013)
- Chapel Hill High School cross-country team training (August 2013)
- Chapel Hill Fire Department vehicle operator training (August 2013)
- Triangle Search Dogs K9 search and rescue dog training (August 2013)
- No Boundaries training run and half and full-marathon training, both sponsored by Fleetfeet Sports (August 2013)
- Nature walk with Mary Sonis, sponsored by Friends of Bolin Creek (October 2013)
- Pumpkin Run, an annual community 4K race sponsored by Fleetfeet Sports (October 2013)
- Nature walk with Dave Cook, sponsored by Friends of Bolin Creek (November 2013)
- Trail run training, sponsored by Fleetfeet Sports (November and December 2013)
- Carrboro 50K trail race, sponsored by the TrailHeads (January 2014)
- Global FACE/AIDS fundraising walk (March 2014)
- Friends of Bolin Creek nature walk (April 2014)
- No Boundaries training run, sponsored by Fleetfeet Sports (April 2014)
- The Philosopher's Way Trail Run, running race sponsored by the TrailHeads (May 2014)
- Carolina Grit Invitational off-road trail marathon and half-marathon (May 2014)



2013 Pumpkin Run

Gazebos and other open air shelters, parks, children's play areas, passive recreation features, and park site furnishings: No activity to report for this period.

Unpaved trail construction/maintenance (including volunteer work on paths, harvesting, etc.):

- Wetland restoration as part of ductbank work (July 2013)
- Grading and resurfacing with gravel on Pumpkin and Vine forest roads (August 2013)

- Invasive plant suppression focused on wisteria and ailanthus species (August 2013)
- Creation of alternative routes for two fall line trails on Neverland's Inner and Outer loops (March 2014)
- Minor improvements to trail surfaces (March 2014)
- Invasive plant suppression by staff and Boy Scout Troop 835, for Community Service Day (April 2014)

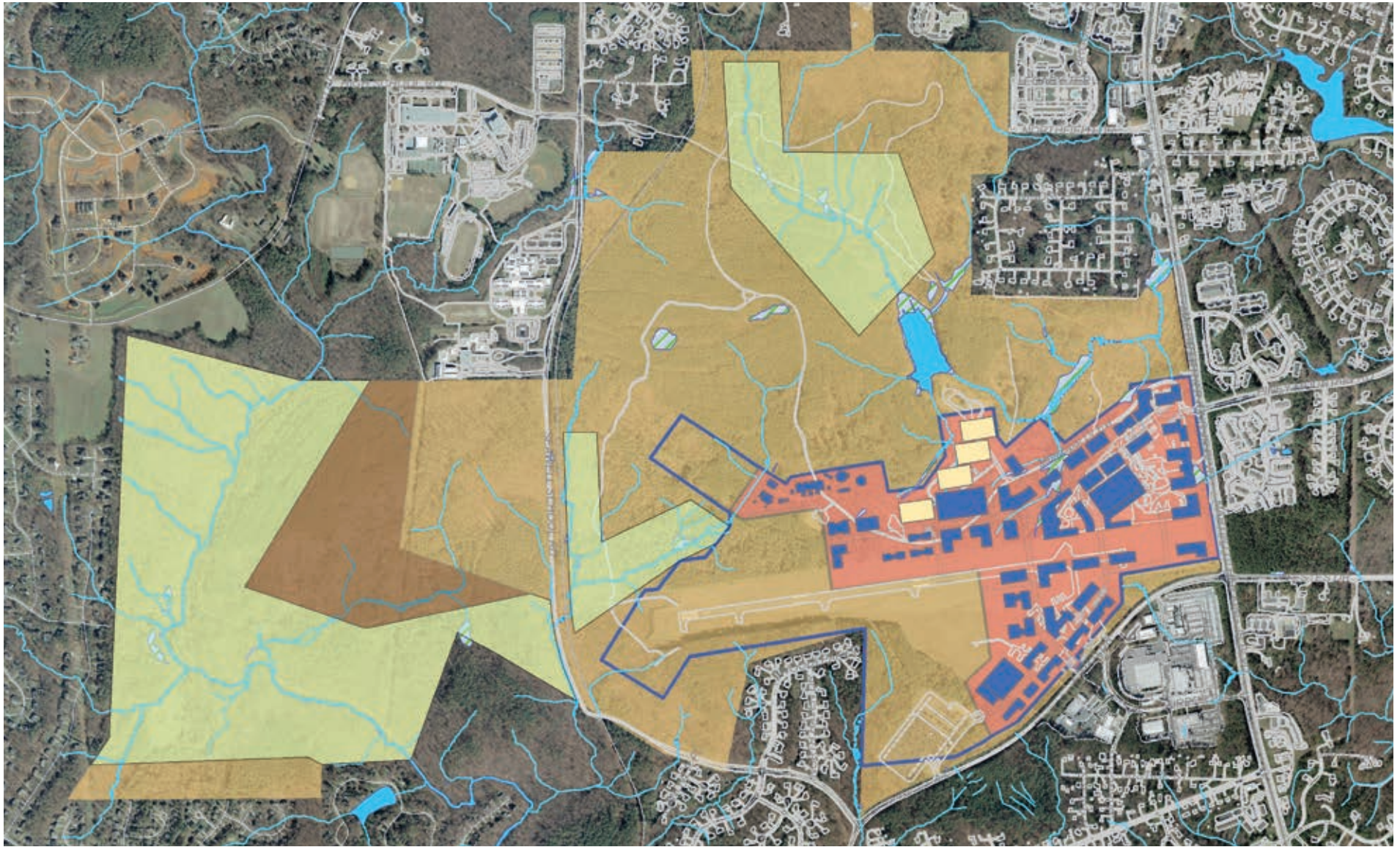
- Invasive plant suppression, an Eagle Scout project (May 2014)

Memorial gardens: No activity to report for this period.

Kiosks and benches:











Two stone benches were located on the greenway path as a part of the greenway project.

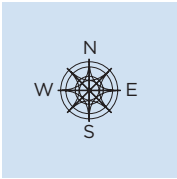
Incidental parking areas: No activity to report for this period.



DEVELOPMENT AGREEMENT PLAN

LEGEND

 Limited Development Area 50 years	 Limited Development Area 100 Years	 Existing Roads and Buildings	 Proposed Recreation Fields
 Development Area	 Wetlands	 Proposed Buildings	
 Conservation Area	 Streams	 Proposed Road	



Site furnishings (recycle containers, fixtures, blue lights):

One waste receptacle and one recycling receptacle were located within the limited development area as a part of the greenway project.

Support facilities for special events (Tar Heel Town, concerts, etc.): No activity to report for this period.

Demolitions: No activity to report for this period.

Landscaping activities: No activity to report for this period.

Community gardens: No activity to report for this period.

D. Land Use and Activities in Development Area

Chilled water, steam, electric ductbank, water and telecom lines:

- No activity on chilled water or steam lines.
- Constructing Electrical Infrastructure Project Additions (electric ductbank): The final phase of construction, which included the greenway and the temporary overhead power line through the old municipal landfill area, is now complete.
- Installing landfill gas pipeline: The methane gas collection system at the south landfill is now complete.

Reclaimed water line (with OWASA): No activity to report for this period.

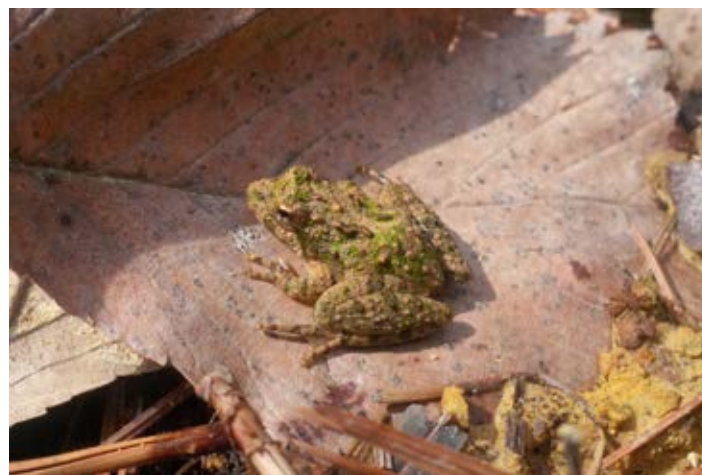
Maintenance and improvements to existing utility lines: No activity to report for this period.

Stormwater lines and improvements: No activity to report for this period.

Stormwater structures: No activity to report for this period.

Public utility lines traversing site: No activity to report for this period.

Utility structures without a building (e.g., electrical substation): No activity to report for this period.



Site storage and construction staging areas (above)

Red-bellied Woodpecker (far left)

Northern cricket frog (left)



2014 Philosopher's Way Trail Run

Alterations to utility equipment (generator, other mechanicals): No activity to report for this period.

Site storage and construction staging areas: A portion of the former Municipal Yard is being used for construction staging by contractors working on large construction projects. A map is included on page 11 of this report showing the location of all the staging areas.

Stream restoration projects: No activity to report for this period.

Greenways and other paved trails: No activity to report for this period.

Public art: No activity to report for this period.

Site clearing for any other purpose: No activity to report for this period.

E. Greenways

Report on examination and recommendations for a greenways partnership model comparable to public transit partnership: No activity to report for this period.

Report on potential locations and funding alternatives for campus-to-campus greenway and bike connection: No activity to report for this period.

Current status and funding of greenway connections at Carolina North (after greenways plan submitted with initial individual site development permit): No activity to report for this period.

Greenway improvements and document compliance with 5.16.14:

Construction on a north-south greenway was completed in 2014 as a part of the electrical ductbank project.

Report on consideration of pedestrian connections to adjacent neighborhoods:

The University is cooperating with the Courtyards of Homestead, a residential project currently undergoing the Town's project approval process, to locate an appropriate trail connection from the project's



Fungi in the Carolina North Forest

property line to the University's network of trails on the Carolina North property.

F. Waste Management

The University currently provides trash and recycling services for all University-owned buildings, including buildings at Carolina North, and a number of leased properties. The recycling program covers a variety of materials and is continually evaluated for improvement and expansion. To ensure construction debris is properly recycled, a representative from the University Office of Waste Reduction and Recycling reviews each phase of building projects to identify waste reduction, reuse, and recycling opportunities. University staff educates contractors about University, local, state, and project-specific requirements; reviews and suggests changes to contractors' Solid Waste Management Plans; collects and analyzes waste reports; and conducts site visits regularly. Specifications detailing University and regulatory requirements regarding construction waste management and reporting are included in each project manual.

Future construction projects and finished buildings will be managed and supported similarly. No fiscal impacts on the Town have been noted since waste management strategies have not been amended.

G. Recreation Areas

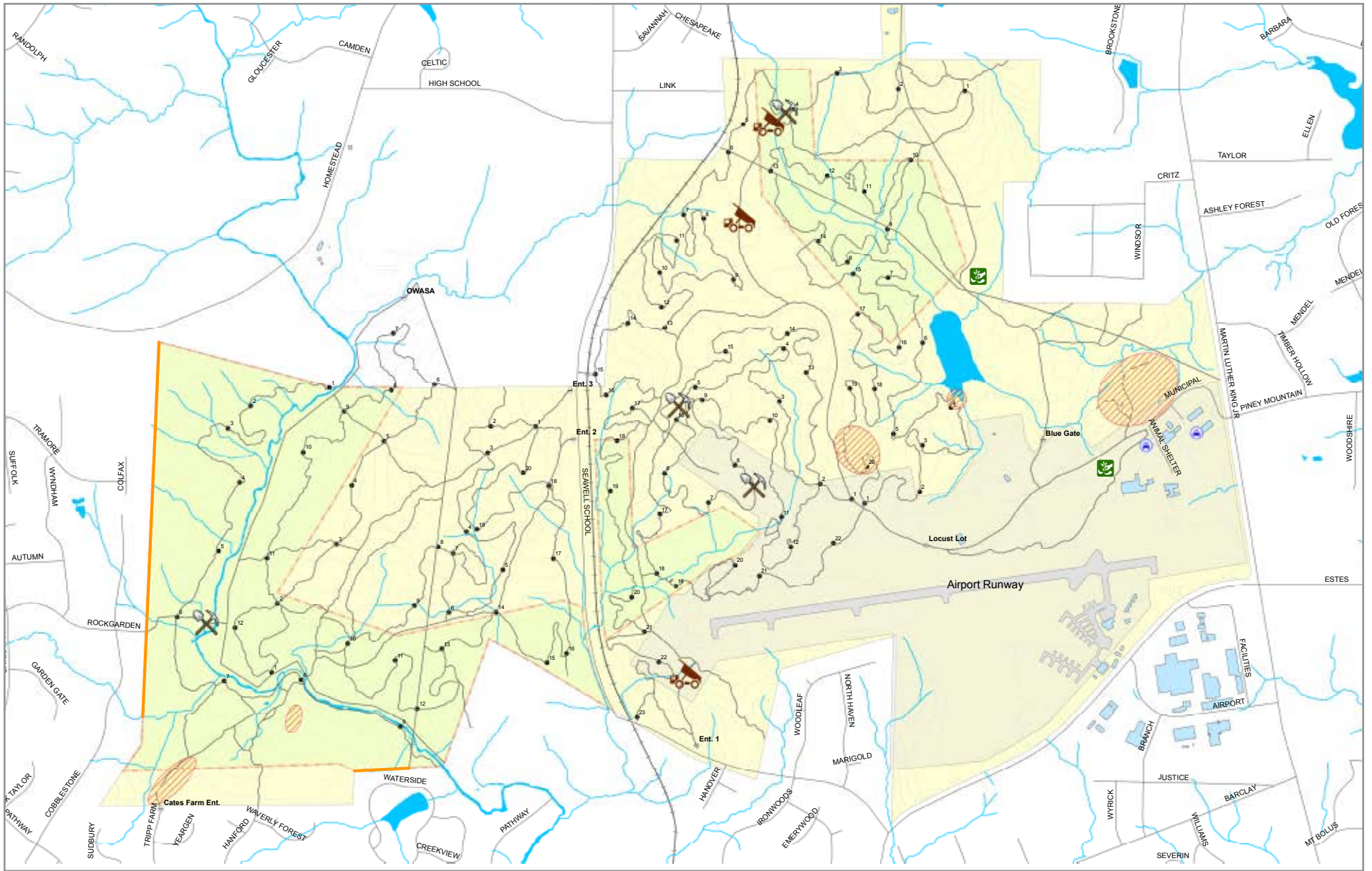
Study of feasibility and cost-sharing options for future joint-use recreation areas at Carolina North:
No activity to report for this period.

Description of improvements for recreation areas and document compliance with 5.15.5:

No new recreational facilities or recreational areas were developed on the Carolina North property during the 2013-2014 fiscal year. However, the use of the Carolina North property for recreational purposes is thriving. Residents of Chapel Hill and Carrboro, as well as those in surrounding communities, make frequent and extensive use of the University's network of trails on the Carolina North property. Over 25 miles of trails are woven through the Carolina North Forest. The University, through its Forest Management Office staff, facilitates cooperative use of the



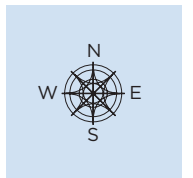
Trail Crossing on new Carolina North greenway



CAROLINA NORTH FOREST ACTIVITIES, 2013-2014

LEGEND

-  Trail Work
-  Road Work
-  Invasive Plant Suppression
-  Wetland Restoration
-  Conservation Area Encroachments
-  Other Activities





Opossum tracks in mud (left)

Town of Chapel Hill Fire Department driver training (below)



network of trails in the Carolina North Forest for the benefit of local schools, community organizations, and individual residents of Chapel Hill, Carrboro and the broader community.

For a list of public recreation events held at Carolina North, see Land Use and Activities in Limited Development Area (Section III.C.)

H. Stream Buffers

No activity to report for this period.

I. Tree Canopy

The University is committed to proactive management of the Carolina North Forest and strives to maintain or increase the overall tree canopy of the tract. In the last year, canopy maintenance activities again focused on the removal of exotic, non-native, invasive or otherwise undesirable species to promote natural growth of the native canopy. As construction projects are planned, staff will assess the potential impacts on tree canopy with the objective of offsetting any loss in canopy.

IV. 2014-2015 DEVELOPMENT SCHEDULE

No construction is scheduled at this time at Carolina North during the University's 2015 fiscal year.



Verbesina (above)

Wetland restoration information sign (left)

V. 2013-2014 REPORTABLE ITEMS CHECKLIST

DA Section	Topic	Subtopic	2014 AR Section (or reason for no report)
4.14	Report demonstrating good faith compliance with terms of DA	Report demonstrating good faith compliance with terms of DA	Cover letter
4.14 (& 5.27.4.a.)	Construction Activity	List of individual site development permits issued	No activity to report.
4.14 (& 5.27.4.a.)	Construction Activity	Building floor area constructed	No activity to report.
4.14 (& 5.27.4.a.)	Construction Activity	Infrastructure installed	No activity to report
4.14 (& 5.27.4.a.)	Construction Activity	Status of University participation in provision of or financing of public infrastructure	No activity to report.
4.14 (& 5.27.4.a.)	Construction Activity	Infrastructure dedicated/acquired	No activity to report
4.14 (& 5.27.4.a.)	Construction Activity	Projected schedule for CN development for following year	No activity to report
5.4.2 (& 5.27.4.b.)	Housing	Units constructed	Section III.A.
5.4.2 (& 5.27.4.b.)	Housing	Estimated number of residents living in CN housing	Section III.A.
5.4.2 (& 5.27.4.b.)	Housing	Estimated number of FTE employees working on site at CN	Section III.A.

DA Section	Topic	Subtopic	2014 AR Section (or reason for no report)
5.5.2.e.1 (& 5.27.4.f.)	Land Use - Limited Development Area	Chilled water, steam, electric duct bank, water and telecom lines	Section III.C.
5.5.2.e.2 (& 5.27.4.f.)	Land Use - Limited Development Area	Reclaimed water line (with OWASA)	Section III.C.
5.5.2.e.3 (& 5.27.4.f.)	Land Use - Limited Development Area	Maintenance and improvements to existing utility lines	Section III.C.
5.5.2.e.4 (& 5.27.4.f.)	Land Use - Limited Development Area	Stormwater lines and improvements	Section III.C.
5.5.2.e.5 (& 5.27.4.f.)	Land Use - Limited Development Area	Stormwater structures	Section III.C.
5.5.2.e.6 (& 5.27.4.f.)	Land Use - Limited Development Area	Public utility lines traversing site	Section III.C.
5.5.2.e.7 (& 5.27.4.f.)	Land Use - Limited Development Area	Utility structures without a building (e.g., electrical substation)	Section III.C.
5.5.2.e.8 (& 5.27.4.f.)	Land Use - Limited Development Area	Alterations to utility equipment (generator, other mechanicals)	Section III.C.
5.5.2.e.9 (& 5.27.4.f.)	Land Use - Limited Development Area	Site storage and construction staging areas	Section III.C.
5.5.2.e.10 (& 5.27.4.f.)	Land Use - Limited Development Area	Stream restoration projects	Section III.C.
5.5.2.e.11 (& 5.27.4.f.)	Land Use - Limited Development Area	Greenways and other paved trails	Section III.C.
5.5.2.e.12 (& 5.27.4.f.)	Land Use - Limited Development Area	Public art	Section III.C.
5.5.2.e.13 (& 5.27.4.f.)	Land Use - Limited Development Area	Site clearing for any other purpose	Section III.C.

DA Section	Topic	Subtopic	2014 AR Section (or reason for no report)
5.5.2.f.2 (& 5.27.4.f.)	Land Use - Limited Development Area	Alterations (but not expansion) in existing parking lots, including repaving, replanting for stormwater mitigation, or changing impervious to pervious pavement	Section III.C.
5.5.2.f.3 (& 5.27.4.f.)	Land Use - Limited Development Area	Roads, internal service without exterior connections and not designed for vehicular circulation to serve buildings within CN developed area	Section III.C.
5.5.2.f.4 (& 5.27.4.f.)	Land Use - Limited Development Area	Exterior tennis and basketball courts	Section III.C.
5.5.2.f.5 (& 5.27.4.f.)	Land Use - Limited Development Area	Athletic facilities and events that are not buildings and that do not involve land clearing or grading of more than 20,000 square feet	Section III.C.
5.5.2.f.6 (& 5.27.4.f.)	Land Use - Limited Development Area	Gazebos and other open air shelters, parks, children's play areas, passive recreation features, and park site furnishings	Section III.C.
5.5.2.f.7 (& 5.27.4.f.)	Land Use - Limited Development Area	Unpaved trail construction/maintenance (including volunteer work on paths, harvesting, etc.)	Section III.C.
5.5.2.f.8 (& 5.27.4.f.)	Land Use - Limited Development Area	Memorial gardens	Section III.C.
5.5.2.f.9 (& 5.27.4.f.)	Land Use - Limited Development Area	Kiosks and benches	Section III.C.
5.5.2.f.10 (& 5.27.4.f.)	Land Use - Limited Development Area	Incidental parking areas	Section III.C.
5.5.2.f.11 (& 5.27.4.f.)	Land Use - Limited Development Area	Site furnishings (recycle containers, fixtures, blue lights)	Section III.C.
5.5.2.f.12 (& 5.27.4.f.)	Land Use - Limited Development Area	Support facilities for special events (Tar Heel Town, concerts, etc.)	Section III.C.
5.5.2.f.13 (& 5.27.4.f.)	Land Use - Limited Development Area	Demolitions	Section III.C.

DA Section	Topic	Subtopic	2014 AR Section (or reason for no report)
5.5.2.f.14 (& 5.27.4.f.)	Land Use - Limited Development Area	Landscaping activities	Section III.C.
5.5.2.f.15 (& 5.27.4.f.)	Land Use - Limited Development Area	Community gardens	Section III.C.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.1)	Land Use - Development Area	Chilled water, steam, electric duct bank, water and telecom lines	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.2)	Land Use - Development Area	Reclaimed water line (with OWASA)	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.3)	Land Use - Development Area	Maintenance and improvements to existing utility lines	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.4)	Land Use - Development Area	Stormwater lines and improvements	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.5)	Land Use - Development Area	Stormwater structures	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.6)	Land Use - Development Area	Public utility lines traversing site (Duke Energy, PSNC, etc.)	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.7)	Land Use - Development Area	Utility structures without a building (e.g., electrical substation)	Section III.D.

DA Section	Topic	Subtopic	2014 AR Section (or reason for no report)
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.8)	Land Use - Development Area	Alterations to utility equipment (generator, other mechanicals)	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.9)	Land Use - Development Area	Site storage and construction staging areas	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.10)	Land Use - Development Area	Stream restoration projects	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.11)	Land Use - Development Area	Greenways and other paved trails	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.12)	Land Use - Development Area	Public art	Section III.D.
5.5.3.d. (& 5.27.4.g.) (tracking 5.5.2.e.13)	Land Use - Development Area	Site clearing for any other purpose	Section III.D.
5.7.2 (& 5.27.4.c.)	Stormwater Cost-Sharing	Cost-sharing agreements (to be updated every three years)	Section II
5.8.7.a (& 5.27.4.d.)	Parking, Traffic and Transit	Report on parking provided vs. baseline parking ratios	Section III.B.
5.8.7.a (& 5.27.4.d.)	Parking, Traffic and Transit	Current status of transit planning for CN Project and coordination within SRTP process	Section III.B.

DA Section	Topic	Subtopic	2014 AR Section (or reason for no report)
5.8.11.b (& 5.27.4.d.)	Parking, Traffic and Transit	Coordination with Transportation Management Plan	Section III.B.
5.9.3 (& 5.27.4.e.)	Short Range Fiscal Plan	Actions taken to address recommendations in most recent SRFP	The initial SRFP is to be completed in conjunction with the issuance of initial site development permit.
5.10 (& 5.27.4.h.)	Carbon and Other Greenhouse Emissions	Greenhouse gas emissions and offsets updated biennially	No report required until two years after initial site development permit.
5.11.3 (& 5.27.4.i.)	Water Use/Water Reclamation	Progress toward reductions of 20 percent indoor and 50 percent outdoor	No report is required, since no site development permit applications have been submitted.
5.12 (& 5.27.4.j.)	Design Guidelines	Informational copy of any updates to Design Guidelines	No updates have been made to Design Guidelines.
5.12.11 (& 5.27.4.k.)	Public Art	Update on plans, activities, implementation	There are no activities to report.
5.15.4 (& 5.27.4.o.)	Recreation Areas	Study of feasibility and cost-sharing options for future joint-use recreation areas at CN	No report required.
5.15.5 (& 5.27.4.o.)	Recreation Areas	Description of improvements for recreation areas and document compliance with 5.15.5	Section III.G.
5.16.1.b (& 5.27.4.l.)	Greenways	Report on examination and recommendations for a greenways partnership model comparable to public transit partnership	No activity.
5.16.2 (& 5.27.4.l.)	Greenways	Report on potential locations and funding alternatives for campus-to-campus greenway and bike connection	No activity.

DA Section	Topic	Subtopic	2014 AR Section (or reason for no report)
5.16.4 (& 5.27.4.l.)	Greenways	Current status and funding of greenway connections at CN (after greenways plan submitted with initial individual site development permit)	UNC has not submitted a site development permit.
5.16.14 (& 5.27.4.l.)	Greenways	Greenway improvements and document compliance with 5.16.14	Section III.E.
5.16.15 (& 5.27.4.l.)	Greenways	Report on consideration of pedestrian connections to adjacent neighborhoods	Section III.E.
5.18 (& 5.27.4.m.)	Waste Management	Description of strategies/impacts	Section III.F.
5.19.5 (& 5.27.4.p.)	Airport Closing Assessment	Environmental impacts (after cessation of airport activities)	Horace Williams Airport is still open, so no report is due.
5.20.1 (& 5.27.4.n.)	Stream Buffers	Description of improvements and document compliance with 5.20	No activity
5.21.1	Tree Canopy	Demonstration of best efforts to maintain or increase tree canopy	Section III.H

Appendix of Public Information Meetings

9/13/13	Annual Report Public Information Meeting at Town Council
10/28/13	UNC Semi-Annual Capital report to Town Council and Manager's compliance report to Town Council on Annual Report

CONTACT INFORMATION

Bruce L. Runberg, P.E.

Associate Vice Chancellor for Facilities Services
bruce_runberg@unc.edu
311 South Building
CB 1000
The University of North Carolina at Chapel Hill
Chapel Hill, NC 27599-1000
T (919) 962-7248

Anna Wu, FAIA, LEED AP

Assistant Vice Chancellor & University Architect
Facilities Operations, Planning and Design
annaw@fac.unc.edu
102D Giles F. Horney Building
103 Airport Drive
CB 1800
The University of North Carolina at Chapel Hill
Chapel Hill, NC 27599-1800
T (919) 962-0761



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



THE UNIVERSITY
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at CHAPEL HILL

ATTACHMENT N

Division of Finance and Administration

Financial Update



Photo credit: Sam Kittner '85

Matt Fajack
Vice Chancellor for Finance and Administration
September 24, 2014



Strategic 2014-15 Budget Plan

Goal	Priority	Action
Prepare for next capital campaign	Invest in the development operation in anticipation of increased activity	Provide \$2.6 million from central funds for next capital campaign
Advance student learning and success	Invest in initiatives to increase academic achievement, student retention and graduation rates	Establish a \$2 million fund for student success initiatives
	Minimize school budget cuts by funding state- and F&A-supported units' Affordable Care obligations	Provide \$5 million from central funds to cover the new costs
	Minimize additional instructional budget reductions	1% reduction for academic units
Maintain “need blind” admission policy	Support merit- and need-based financial aid, including the Carolina Covenant	Provide \$11 million from central funds for financial aid
Recruit and retain outstanding faculty and staff	Provide salary increases for state- and F&A-funded positions after years of absent or nominal raises	<ul style="list-style-type: none">• 3% EPA Faculty• 3% EPA Non-Faculty• \$1000 SPA across the board



Strategic 2014-15 Budget Plan

Goal	Priority	Action
Enhance the University's reputation	Invest in improvements to strategic communications operations	Provide \$2 million from central funds for strategic communication initiatives
	Pursue initiatives to make University operations more efficient and effective	<ul style="list-style-type: none">• Shared overhead costs• Shared service centers• Strategic sourcing• Business process improvement• Cash management• Business intelligence• Continuous improvement
Sustain and enhance operational efficiency and effectiveness	Support ConnectCarolina administrative systems	Provide \$7.4 million for ConnectCarolina operating budget
	Protect critical units in need of funding after multiple years of budget reductions in order to maintain units' ability to provide necessary services	<ul style="list-style-type: none">• No reductions to Student Affairs, Police, Office of University Counsel, Communications and Development• 2% reduction to remaining administrative units
	Strategically leverage central funds to cover remaining reductions	<ul style="list-style-type: none">• Use \$10.5 million of additional undergraduate tuition receipts to cover budget needs• Use \$3.8 million of additional graduate and professional tuition receipts to cover budget needs• Reallocate \$1 million of costs for Kannapolis• Use \$.90 million of ITS funds towards the ConnectCarolina operating budget



UNC-Chapel Hill Three Year Actual Report

(Dollars in thousands)

	FY 2011-2012	FY 2013-2014	FY 2013-2014	FY 2013-2014
	July-June Actual	July-June Actual	July-June Actual	Change from Prior Year
Revenues:				
State Appropriations	\$486,492	\$515,121	\$482,728	(6%)
Tuition and Fees	378,551	418,149	463,750	11%
Governmental Contracts and Grants	988,361	1,007,933	1,005,280	0%
Non-Governmental Con. And Grants	212,452	209,068	204,646	(2%)
Gifts	261,416	235,062	240,031	2%
Sales and Services	811,035	825,186	864,358	5%
Investment and Endowment Income	134,821	137,410	149,979	9%
Other Sources	68,777	96,469	90,276	(6%)
Total Revenues	\$3,341,905	\$3,444,398	\$3,501,048	2%



UNC-Chapel Hill Three Year Actual Report

(Dollars in Thousands)

	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2013-2014
	July-June Actual	July-June Actual	July-June Actual	Change from Prior Year
Expenses/Transfers/Other				
Instruction	\$714,199	\$696,098	\$700,762	1%
Organized Research	636,088	712,644	720,240	1%
Public Service	130,692	138,703	139,044	0%
Student Services	26,621	27,709	30,975	12%
Student Financial Aid	300,398	326,876	349,665	7%
Academic Support	113,258	117,020	117,946	1%
Institutional Support	91,927	108,932	124,728	15%
Physical Plant Operations	139,362	139,042	148,230	7%
Auxiliary Enterprise & Internal Services	367,035	398,713	409,757	3%
Professional Clinical Services	399,647	403,733	433,711	7%
Transfers & Internal Deductions	64,124	123,452	125,581	2%
Total Expenses, Transfers & Other	\$2,983,351	\$3,192,922	\$3,300,639	3%



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

MEMO

Date: September 12, 2014
To: UNC Chapel Hill Board of Trustees Committee on Innovation and Impact
Chair, Phil Clay
From: Judith Cone, Special Assistant to the Chancellor-Innovation and Entrepreneurship
Re: Overview of Status Report on the UNC Chapel Hill Innovation Ecosystem

Barbara Entwisle, Vice Chancellor of Research, Joe DeSimone, Chancellor's Eminent Professor of Chemistry, UNC, and I have worked together on this Committee, and I am grateful to Vice Chancellor Entwisle for her input on these documents. As you know, Professor DeSimone is on leave as he is building a venture capital-based 3-D printing company in Silicon Valley.

Members of the Board of Trustees Committee on Innovation and Impact, together with UNC Chapel Hill senior leaders and campus colleagues, have been exploring how to build a superior ecosystem for innovation and entrepreneurship. The goal is to produce maximum social and economic impact for the citizens of North Carolina and beyond. This will require a fertile mix of programs, resources, and relationships to support and enhance innovative work by a wide variety of people in the University community as well as introduce major new initiatives.

And the creation of such an ecosystem has now reached a pivotal point. Much has been done; the campus is filled with existing and new activity. More needs to be done in order to build on early results and tap the University of North Carolina at Chapel Hill's full potential for impact. We are grateful to the Board for its committed leadership and look forward to continued work together.

The *Status Report on the UNC Chapel Hill Innovation Ecosystem*, which accompanies this memo, is framed as a set of responses to questions posed by Committee Chair Phil Clay in his June 10, 2014 memo. Chair Clay's document asked for updates and recommendations on a wide range of items related to the complex, campus-wide efforts in innovation. In the enclosed *Status Report*, the responses are grouped into five categories covering fourteen key questions. Each key question is answered in the same format: a summary of *Actions To Date*, a recap of *What We Have Learned*, and recommendations on what *Remains To Be Done*.

For a more focused view, this memo provides a brief on the full *Status Report*.

- It starts with a few short narrative sections outlining the nature of the work, where it stands, and major priority areas going forward.
- Then, since the Committee's main interest is in what lies ahead, informed by the past, the rest of the memo contains the forward-looking parts of the *Status Report*. For all key questions, the *Remains to Be Done* sections are included in this memo. They are presented in order, with only a minimal amount of introduction to each.

SUMMARY OF STATUS REPORT ON THE UNC CHAPEL HILL INNOVATION ECOSYSTEM

Strategy guides the work.

Innovation work at Carolina continues to be guided by the strategic direction described in the *Innovation Roadmap* of 2010. The *Roadmap* and *Two-Year Progress Report* (covering progress through 2012) are available at <http://innovate.unc.edu/impact/strategy>. Per the plan of conducting a formal review every other year, the second progress report will be released in a few months, and will go into greater detail about innovation and entrepreneurship work through 2014. The innovation vision and mission are:

Vision: With a special focus on urgent challenges, innovators and innovations launched at Carolina consistently translate important ideas for the public good.

Mission: Ensure that Carolina is a place where innovators thrive.

Chancellor Folt speaks in terms of the University being an excellent, accessible, innovative public institution that excels at research, teaching, and translating ideas into impact. It is now time to solidify the innovation infrastructure, continue to learn from others, better engage strategic partners, and dedicate the same relative level of investment that has been committed to the University's research and teaching missions.

We have a community of dedicated people working together.

It is appropriate to acknowledge all those who have advanced the innovation and entrepreneurship agenda as early adopters. Starting in 2003 with the Kauffman Campuses grant, through the 2010 strategic planning efforts to their implementation today, a small number of staff and unit leaders have worked tirelessly to create programs, run spaces, mentor others, file patents, secure licenses for intellectual property, help create ventures, and engage a wide community of supporters. Consequently, this campus is regularly lauded as a leader in entrepreneurship education, and as being in the vanguard of building a culture of innovation.

We are grateful to the Deans and their faculty and staff who not only initiated many programs, but have opened them to the entire campus and community. We applaud the students who

have championed practical innovation as a way to make a difference in the world. Finally, none of this would have been possible without the support of donors and the commitment of senior leadership and the Board of Trustees.

The University has made great strides, some highlights of which will be noted briefly in this memo. Evaluation and impact measurement continue to be important, as does communicating the multi-faceted value generated by Carolina. Much more attention to measurement and communication is needed.

The campus is at a pivotal moment.

Progress in innovation and impact at UNC Chapel Hill has reached a pivotal stage. The collaborative spirit of Carolina faculty, staff, and students has allowed many initiatives to thrive and grow with very few resources. Senior leaders are dedicated to ingraining innovation into the campus' identity, and to harnessing the resources needed to leap forward and become an exemplar university in this field. Donors have supported these activities and are ready to support more.

Several task forces and strategic planning efforts have articulated needs and solutions, providing the framework to move the innovation agenda forward. Areas receiving task-force (or task-force-quality) attention have included: industry relations, commercialization of University IP, support for new ventures, new curricula in applied physical sciences, biomedical engineering and data studies, and needs for physical space.

Many new programs already are nurturing their first fruits. More important, the combined efforts of many have moved UNC Chapel Hill to the threshold of next-level gains. It is worth stepping back briefly to consider the general nature of where we stand:

The University is poised for even greater impact.

The goal is to produce ever-increasing social and economic benefits for the State of North Carolina and beyond. This, in turn, requires an ecosystem with two main features: *excellent infrastructure*, and *a high level of human engagement*.

- *Excellent infrastructure* means a strong set of programs, processes, facilities and resources for translating ideas into practical form. It includes systems to move faculty along the path of developing their research for commercial use. It includes programs that prepare people to be innovators and entrepreneurs—such as by teaching startup skills and/or relevant technical skills—and that help new ventures take off. Beyond licensing and startups, there are myriad other ways of putting new ideas to use and some of these need supporting infrastructure as well.
- *A high level of human engagement* means bringing many people into the work. Large numbers of faculty, students, and people in the region need to become involved as

active innovators, while many more serve as advocates, helpers, or funders. Senior leaders need to align their resources and create supportive processes. Our efforts need active support from many external constituents such as partners from industry, the alumni base, and other funders.

These elements, when combined, can lead to powerful impact. And UNC Chapel Hill is now firmly on the road towards having a winning combination.

It is time to scale and sustain the work and seek disruptive opportunities.

One way to view the work to date is as a successful proof-of-concept stage. We have shown that the innovation ecosystem is feasible, desirable, viable and relevant to nearly every area of the campus. New programs are succeeding; more people are participating; some initial results (such as increased startup activity) are evident. And now the larger possibilities beckon. Like an emerging company that has validated its technology and its business model, this ecosystem is now ready for the investments that will move it to full-scale production mode. The ecosystem needs to be constantly improved and capable of producing both incremental and disruptive innovations.

To take innovation and impact to the next level, the entire agenda needs to be *institutionalized* and *resourced* at higher levels. Two pressing needs stand out.

- If technology commercialization and economic development are to be major strategic functions of the University, a dedicated office needs to be created to lead, coordinate and direct them. At present, direct responsibility for these functions is shared between a small OTD staff on a limited budget and various units across campus. While localized, grassroots efforts are both commendable and necessary, they must be balanced with central leadership and fully resourced.
- Funding is necessary to stabilize, expand, and create the missing pieces to the ecosystem. The University needs a budget for innovation and impact, and funding goals need to be part of the upcoming capital campaign. This would include funding for the new office just mentioned, as well as support to make various ground-level efforts *sustainable and scalable*, create missing programs, and build the needed spaces required.

Examples of Progress to Date and Emerging Needs

Some highlights of work done in recent years:

- In 2010, UNC Chapel Hill had *no* dedicated facilities for nurturing startups. Now it has a wide array with more planned, with associated education-and-support programs, all being heavily used: KickStart Labs, CUBE Social Innovation Incubator, Launch Chapel Hill, 1789 Venture Lab, and more. The new CreatorSpace is set to open next year in

Murray Hall. But limits have been reached. A number of these facilities and programs are either at their carrying capacities, and/or about to lose their physical spaces soon—at the very time when demand for them keeps growing rapidly.

- Under the Vice Chancellor of Research, operations of the Office of Technology Development have been upgraded and streamlined. However, it is unreasonable to expect the six licensing associates in OTD alone to make quantum-leap gains – indeed, other units on the campus have started their own, domain-specific commercialization efforts to complement the work of OTD. Creation of spinout companies has increased due to the work of OTD, Carolina KickStart, the Center for Entrepreneurial Studies, the CUBE, and the Frank Hawkins Kenan Institute of Private Enterprise, as well as school and department liaisons. Innovations like the Carolina Express License, designed to incentivize faculty and streamline the licensing process, have also contributed to increased technology spinouts. It would help greatly to put all of these under the aegis of the new office mentioned above so that there is central integration as well as distribution across the campus. The University community will continue to create new initiatives and to augment the agenda with further support.
- Since the Kauffman Campuses grant of 2003, UNC Chapel Hill has become a leader in entrepreneurship education. More recently, faculty working groups have led the creation of new or augmented programs in subject areas critical to innovation such as Applied Physical Sciences, Biomedical Engineering, and Data Studies. All of these need further funds in order to grow and flourish sustainably. Furthermore, new initiatives of this type such as examining how to strengthen the department of Computer Science need to be considered and coordinated strategically.

What remains to be done?

The remainder of this memo is dedicated to the third part of each of the responses in the longer *Status Report*: Itemizations of what *Remains To Be Done* in key areas. First the questions posed by Chair Clay are presented, followed by the next steps recommended to address them.

We look forward to discussing this with you.

**QUESTIONS POSED BY PHILIP CLAY
ON BEHALF OF THE INNOVATION & IMPACT COMMITTEE**

Key questions laid out in Chairman Clay's memorandum of June 10, 2014 are summarized here. Some are paraphrased and all are arranged into five main topic areas, which will serve as a template for the rest of the report.

A. Leadership, Strategy, and Alignment

- What are the optimum administrative structures and functions for leading our efforts in innovation and entrepreneurship? What are the roles of other senior officers and deans? How is the faculty mobilized for various roles?

B. Carolina's Innovation Assets

- How does research connect throughout all of our programs and work in innovation and entrepreneurship?
- What does an innovation agenda mean for various segments of the UNC Chapel Hill community and their activities? (education programs, student activities, faculty, staff, alumni, town-gown relations)
- How can we best address design (and cultivate "design thinking") in innovation and entrepreneurship?
- What are the space requirements to support a robust innovation ecosystem? What is our strategy for Carolina North? Does the existing plan hold up? If not, how will we determine what to do?
- How can we leverage Carolina's global brand for maximum impact?

C. External Engagement

- How can we engage industry partners in building a strong innovation ecosystem?
- How can we form a strong regional infrastructure of support for our innovation agenda in the Triangle?
- How can we build and maintain an innovation ecosystem that supports both broad and deep engagement with the state?

D. Funding

- How will we adequately fund our research and its application, in light of declining federal and state dollars?
- How can we engage the venture community in support of new ventures?
- How does an innovation agenda relate to a university development campaign – and to other possible opportunities for funding?

E. Learning and Communicating

- How can we continually learn from others while also leading in innovation and entrepreneurship?
- What communication strategies are needed to bring the University community and the public on board with our innovation agenda – and to tell the story of impact?

WHAT REMAINS TO BE DONE
Responses from the Status Report

A. LEADERSHIP, STRATEGY, AND ALIGNMENT

Q: What are the optimum administrative structures and functions for leading our efforts in innovation and entrepreneurship? What are the roles of other senior officers and deans? How is the faculty mobilized for various roles?

Remains to Be Done — I&E OFFICE

Recommendations

- Continue to be a catalyst. Articulate the vision and mission, engage a wide variety of internal and external stakeholders, and advocate for a culture of innovation and entrepreneurship campus-wide.
- Continue to evaluate the ecosystem, advocate for necessary changes and promote new advancements in how our campus accomplishes this work.
- Implement tools that can be shared within the *Carolina I&E Network* such as the adoption of Salesforce, which is under way.
- Celebrate successes and tell the stories of innovators and their impact.
- Help raise funds for campus initiatives.

Remains To Be Done — OFFICE OF RESEARCH

Recommendations

- Continue the mission of growing research and maximizing its impact. Work closely with the Offices of Development, Communication, Innovation & Entrepreneurship, and the proposed Office of Commercialization and Economic Development, as well as with departments, centers, and institutes, to help increase research funding and facilitate the translation of research into practical benefit.
- Provide streamlined services for sponsored research proposals and agreements with private industry through the Office of Industry Contracting.
- Enhance communication research benefits through the Office of Research Communications.

Remains To Be Done — PROPOSED OFFICE OF COMMERCIALIZATION AND ECONOMIC DEVELOPMENT

Recommendations

- Create the Office of Commercialization and Economic Development to fulfill the following two missions:

Mission for Commercialization – From Invention to Impact: Provide maximum benefit to the people of North Carolina and beyond by optimizing the University’s systems for practical innovation, and by licensing university intellectual property promptly to those who will most effectively and appropriately propagate it into use for society.

Mission for Economic Development: Grow North Carolina's economy and competitiveness by engaging key faculty/staff experts and students to develop and implement a strategy to address economic development drivers in our State.

Remains To Be Done — SENIOR OFFICERS AND DEANS

Recommendations

- Continue to include goals related to innovation and impact in their strategies and actions. Senior leaders need to align institutional resources and processes accordingly. Since the Chancellor and Provost are working closely with administrative leaders and deans on strategic planning and the Development Office is preparing for the new capital campaign, this is the time to incorporate innovation goals.
- Articulate to their constituents how and why the University is building an innovation ecosystem and how it is relevant to their areas of responsibility or research. Specifically encourage their faculty, staff, and students to consider the rewards of converting ideas into practical benefit.
- Balance central services and unit programs to keep them strategically aligned and fully integrated.
- Deans: Continue creating structures and environments that support innovation. Prioritize innovation initiatives in development goals as well as in communication strategies. Following the lead of some deans, it is helpful if each assigns an innovation and entrepreneurship liaison officer to join the university's I&E Network group, and to serve as an internal contact person and champion. The Schools of Medicine and Pharmacy and the Department of Computer Science have associate deans/chair with titles related to entrepreneurship.
- Deans: Ensure that their faculty feel supported in undertaking scholarly work in ways that benefit non-academic sectors and have impact. Align incentives and rewards.

Remains To Be Done — MOBILIZING FACULTY FOR VARIOUS ROLES

Recommendations

- More effectively help faculty understand that translation is an extension of their scholarly pursuits.
- Find ways the University can incentivize and facilitate translational work. For instance, faculty need time to invest in the translation process.
- Effectively guide faculty through the translation process.
 - Expand the Faculty Bootcamp or some such equivalent(s).
 - Use successful, respected faculty innovators as mentors and guides for others. Expand on the KickStart Faculty Fellows program – which is modeled after a University of Utah program.
- Streamline the Conflict of Interest Review process.
- Create a cross-campus entrepreneurship education curricular committee to continue refining how faculty teach entrepreneurship to various audiences.
- Better engage with Carolina faculty who are noted scholars in innovation and entrepreneurship to learn from them and extend their scholarly work.

B. CAROLINA'S INNOVATION ASSETS

Q: How does research connect throughout all of our programs and work in innovation and entrepreneurship?

Remains To Be Done — RESEARCH

Recommendations

- Given the focus at Carolina (and, indeed, nearly everywhere) on interdisciplinary work, continue to promote collaboration and research across disciplines as a fertile source of potential innovations.
- Develop more integrated, clearer systems and support for faculty interested in commercializing their research including allocating time for faculty to become involved.
- Create and implement a comprehensive plan to educate and involve graduate students and post docs in the translational work of the campus, while also pursuing studies within their disciplines. Include connections between MBAs and graduate students and post docs in the sciences.
- Within the general structure of federal and state regulations, resolve conflicts of interest in an expedient, fair, and respectful manner so that faculty and graduate students are able to appropriately engage in innovation activities.

Q: What does an innovation agenda mean for various segments of the UNC Chapel Hill community and their activities?

Remains To Be Done — EDUCATIONAL PROGRAMS

Recommendations

- Continue developing and enhancing the entrepreneurship curriculum in units across campus to include methodologies for the entire innovation process: imagine-design-build-grow. Incorporate creativity and design thinking more fully in the existing entrepreneurship programs.
- Strengthen entrepreneurship educational programs for graduate students and post docs. Identify funding that could facilitate participation in these programs.
- Continue creating/expanding courses in Applied Physical Science, Biomedical Engineering, Data Studies, and Computer Science.
- Create targeted programs to best meet the needs of faculty in learning how to translate their work. Focus on just-in-time learning with a mixture of online tutorials, mentoring, and small groups.
- Market the educational programs more effectively, and in general make it easier for all audiences to find the resources and people they need.

Remains To Be Done — STUDENT ACTIVITIES

Recommendations

- Better align student innovation activities with the research agenda of the University, exposing students to problems and potential solutions in areas outside their personal knowledge, and

attuning them to the University's efforts to address pressing global challenges. This will help to expand students' thinking, so that when they generate their own ideas for startups (as many now do), they can see possibilities beyond the limited scope that is often typical of student enterprises.

- Engage graduate students more fully in the innovation agenda.
- Find ways to harness the expertise of post docs and when appropriate, engage them with faculty spinouts.
- Better market campus resources to all students.
- Expand the Innovation Scholars program.

Remains To Be Done — ALUMNI RELATIONS

Recommendations

- Develop a high-level strategy for engaging alumni support for the innovation agenda. Segment the alumni and call upon them for their expertise as entrepreneurs, investors, and subject-matter experts as well as donors.
- Create an Innovation Fund for the campus that would support all aspects of the innovation agenda.
- Tie in alumni through regional innovation hubs.

Remains To Be Done — TOWN-GOWN RELATIONS

Recommendations

- Continue working with Chapel Hill and Orange County officials on how to attract, support, and retain entrepreneurs and harness innovation for the economic and social benefit of the community. Good relations have been established and talks are underway for next phases of this work.
- Encourage landlords who own office space to offer flex terms and lower rents for startups.
- Build a world-class Innovation Center in Downtown. (see Space section)
- Create a strategy to engage local influential individuals in this work.

Remains To Be Done — FACULTY

Recommendations

- Reach more faculty with the opportunities of the innovation agenda.
- Develop an integrated network of innovation liaisons working with a core staff to be closely in tune with all faculty work and to educate faculty about Carolina's innovation agenda and resources.
- Create integrated, comprehensive systems that support faculty from early-stage innovation through all phases of translating knowledge into practical use. Build bridges of assistance across gaps in the process that are hard for faculty innovators to traverse on their own.
- Streamline all systems to remove resistance to the process, especially conflict of interest and facilities use.
- Find the resources needed for faculty to pursue innovations.

Remains To Be Done — STAFF

Recommendations

Garner resources to bring additional staff support to the innovation ecosystem. Develop clear linkages between the offices and programs that provide staff support and guides to help others navigate the landscape.

Q: How can we best address design (and cultivate “design thinking”) in innovation and entrepreneurship?

Remains To Be Done — DESIGN

Recommendations

- For faculty entrepreneurs, integrate ideation and design methods into the full-service technology development approach that begins in the lab, well prior to invention disclosure. Lean Startup methods for the life sciences are made available through an NIH program, but our campus needs to create its own version.
- For students, support full integration of design methods into areas where this is already being done or planned—notably APS, BME, the proposed Data Studies competencies, and the CreatorSpace – while exploring potential uses of the methods in other curricular and co-curricular offerings.
- Expand the University’s educational programs in design thinking for faculty and University program leaders, and continue exploring ways to ingrain design on our campus, especially as we create new spaces for innovation.

Q: What are the space requirements to support a robust innovation ecosystem? What is our strategy for Carolina North? Does the existing plan hold up? If not, how will we determine what to do?

Remains To Be Done — SPACE

Recommendations

- Allocate adequate space for Applied Physical Sciences, Biomedical Engineering, and maker space: The Chancellor, Provost, Dean of Medicine and Dean of Arts and Sciences are addressing these needs and have made significant investments.
- Find permanent wet lab and office space on campus for faculty entrepreneurs and their spinouts. The need is immediate and urgent, with the current space at the Genome Sciences Building due to be vacated by February 2015.
- Create an Innovation Headquarters on central campus. Having such a physical location would present a strategic opportunity. It would serve as a front door for the campus where people can come for assistance, and donors could be inspired by a tangible reminder of the impact Carolina is having. The proposed Commercialization and Economic Development Office could also use this space for some of its activities.
- Build a world-class Downtown Innovation Center. A proposed downtown Chapel Hill Innovation Center (CHIC) would bridge the campus and community while becoming home to the already-successful accelerator, Launch Chapel Hill, and the popular 1789 Venture Lab. (With its current lease expiring in December 2015, Launch Chapel Hill is considering its

options.) In addition to event and ideation space and a design center, CHIC would provide new spaces for growing companies that want to stay in Chapel Hill, including potentially those requiring web lab space, as well as space for investors and professional service providers, and for strategically chosen industry partners such as the local Google office. The groups of people involved in creating Launch Chapel Hill and 1789 are actively engaged in conversations about CHIC.

- Investigate building a Life Science Innovation Center. There are several reasons to build an innovation center for the life sciences: 1) It will be a place where industry can interface with faculty and graduate students; 2) Commercialization staff can have offices near a large portion of the University's innovation portfolio; and 3) It will provide much-needed faculty access to wet-lab space, offices, and equipment as they remain full-time professors/researchers but also start a company. Once the Genome Sciences space is unavailable come February 2015, faculty startups will have no space on campus. New resources need to be available to all faculty, even if they are administered by an academic unit.

Q: How can we leverage Carolina's global brand for maximum impact?

Remains to be done — GLOBAL BRAND

Recommendations

- The choice of *Water in our World* as the University's first cross-campus theme, three years ago, has proven successful on several fronts. Decide if there will be another cross-campus theme, or perhaps a series of smaller themes, that draws together the Carolina community to addresses major issues.
- Recruit top faculty and graduate students who are globally oriented and have a strong translational bias.
- Leverage the power of Carolina's alumni and families to grow a global innovation ecosystem.
- Explore the idea of regional hubs and how they might support the innovation agenda.

C. EXTERNAL ENGAGEMENT

Q: How can we engage industry partners in building a strong innovation ecosystem?

Remains To Be Done — INDUSTRY RELATIONS

Recommendations

- In the next few months, the Offices of Research, Development, and the proposed Commercialization and Economic Development Office will work with the Chancellor and Provost, Career Services, deans and others to develop a common shared plan for UNC Chapel Hill's collaborations with industry.
- Better coordinate within the University.
- Pursue (and, where necessary, expand) efforts to align University policies and procedures with industry practices and expectations.

- Communicate to industry that UNC Chapel Hill is actively seeking partnerships.
- Make it easy for industry to know how to enter the University's "front door," and smooth the way for industry partners to work with us.

Remains To Be Done — REGIONAL

Recommendations

Create a comprehensive strategy for maximizing local industry-university partnerships. The Offices of Development, Research, proposed Commercialization and Economic Development, Career Services, and unit representatives will need to work together on the plans and their execution.

Remains To Be Done — WORKFORCE

Recommendations

- UNC Chapel Hill has an opportunity to partner with industry and to gain synergies by better understanding workforce needs across industry sectors. University-industry relations should include mechanisms for engaging external stakeholders in the development of ways to ensure that our graduates have critical skillsets, which will vary by discipline but also include core strengths in areas such as data and innovation processes.
- Develop alternative career tracks for PhDs, including working in faculty spinouts and/or starting their own ventures. Strengthening this area will give the University a platform to better understand statewide needs and develop new strategies for addressing them.
- As UNC Chapel Hill forms its economic development strategy, there will be opportunities to leverage engagements with the nine regional economic development partnerships in the state and NC Business Development in the Department of Commerce.

Q: How can we form a strong regional infrastructure of support for our innovation agenda in the Triangle?

Remains To Be Done — REGIONAL

Recommendations

- Continue to build on established relationships with NC State, Duke and NC Central and identify specific opportunities for multi-institution collaboration on projects related to innovation and entrepreneurship.
- Develop Blackstone 2.0, taking the Blackstone Entrepreneurs Network to the next level.
- As noted elsewhere in this memo, the University needs to invest in end-to-end support for commercializing IP from faculty research. Not only would this stimulate startups and venture investment within the region, it is crucial for increasing impact generally.
- Accelerate involvement of potential investors early in the idea development stage.
- Communicate and engage more effectively with alumni who can help with these goals.

Q: How can we build and maintain an innovation ecosystem that supports both broad and deep engagement with the state?

Remains To Be Done — ENGAGEMENT WITH THE STATE

Recommendations

- Enhance the benefits that the University provides to the state, and raise the perception of them through more effective communication.
- Create an economic development strategy in the proposed Office of Commercialization and Economic Development. This office will coordinate with senior leaders at UNC Chapel Hill to help build the innovation ecosystem. It will also play a key role in developing and articulating new strategies to work with (and for) people across the state. In every sense, it will raise the profile of UNC Chapel Hill as an engaged collaborator in building the State's future.
- Develop a data-driven strategy and approach to understand the true impact of UNC Chapel Hill and the UNC system on North Carolina.
- Create a dashboard to communicate Carolina's impact.

D. FUNDING

Q: How will we adequately fund our research and its application, in light of declining federal and state dollars?

Remains To Be Done — FUNDING RESEARCH

Recommendations

- Continue to support researchers as they seek research funding.
- Continue developing a comprehensive, diversified campaign with innovation and impact as top priorities.
- Become more engaged with venture philanthropy.

Q: How can we engage the venture community in support of new ventures?

Remains To Be Done — VENTURE FUNDING

Recommendations

Create a comprehensive strategy to engage the venture community and fund the full development cycle. As currently envisioned, key components of the strategy would be:

- Expand and coordinate (or consolidate) the University's Technology Development Grant programs to fund proof-of-concept studies across all schools and disciplines and then into investment. Many university technologies never reach the marketplace because no commercial relevance has been demonstrated which would attract both people and funding. These technologies need proof-of-concept or validation studies showing whether they do, in fact, have potential for becoming products or solutions that users would buy. Funding for such studies is extremely difficult to acquire, as these activities are beyond the scope of typical federal research grants, but too risky for investors or industry partners to fund. The proposed grants will range from \$25K to \$75K and will be awarded to projects on a competitive basis. Project applications will be evaluated by a panel of industry-relevant

experts. Beyond allocating funds, this panel will provide feedback to the OTD and the faculty member(s) as part of the review process.

- Create an SBIR Gap Fund. One of the greatest opportunities for unlocking university technologies is through Small Business Innovation Research (SBIR) grants if the timing issue can be addressed. Startups built around university innovations can seek SBIR funds to demonstrate feasibility (Phase I) and to develop the product (Phase II). However, many companies struggle because of the time gap of SBIR funding. A successful Phase I SBIR grant (usually of about \$250K) is followed by the submission and review of an application for a Phase II grant (about \$750K to \$1M). The time from completion of Phase I to the funding of Phase II can be 9 to 12 months. Many startups do not have the resources to continue to pay scientific staff or rent space during this period and waste valuable time waiting for the evaluation of the application. The proposed SBIR Gap Fund will bridge this gap for university startups. The funding will be on the order of \$100K to \$150K to help the company remain viable while it seeks additional funds. Stringent review will be critical to the wise investment of these funds.
- Connect to local VCs. The Blackstone Entrepreneurs Network was formed to activate connections among startups, successful entrepreneurs, and investors (or “dealmakers”). From University research on dealmakers, we know that North Carolina, and the Triangle region in particular, has investor activity that is not as maximized as it is in other locations due to a lack of connectivity. UNC Chapel Hill will need to intentionally build more ways of connecting local funders to University opportunities, including through local alumni.
- Connect to key hubs to create relationships with VCs and other constituents. Investment from outside North Carolina will be critical to UNC Chapel Hill’s ability to commercialize research and realize impact. Our undergraduate entrepreneurship programs and VCIC program for MBAs have established activities in Silicon Valley and New York City, exposing students to the investment communities in those hubs. However, the University needs to build more direct connections and opportunities for engaging investors from other regions with our most promising emerging companies. Additionally, alumni who are investors can be made aware of University IP and invited to provide advice. There have been discussions by some alumni about creating an alumni seed fund.
- Provide needed technical and administrative assistance. This strategy would include integrating startup services for faculty across the campus, including Carolina KickStart and the Concierge Service for Entrepreneurs, with leadership from the proposed Office of Commercialization and Economic Development (which would include OTD).
- Fully implement the Carolina Research Venture Fund.

Q: How does our innovation agenda relate to a University development campaign – and to other possible opportunities for funding?

Remains To Be Done — CAMPAIGN

Recommendations

- As noted earlier in this report, assure that fundraising for innovation is a significant component of the next campaign.

- Work with Development and senior leaders (such as deans and directors) across campus to support their individual I&E fundraising goals.
- Explore various foundation models for supporting I&E work on university campuses.
- Continue conversations with alumni who have expressed interest in a venture philanthropy fund for the University.
- Create a central Innovation Fund.

E. LEARNING AND COMMUNICATING

Q: How can we continually learn from others while also leading in innovation and entrepreneurship?

Remains To Be Done — LEARNING AND LEADING

Recommendations

- After studying many commercialization operations, UNC Chapel Hill leaders stepped back to ask an intriguing question: How would the University commercialize IP if it were the first ever to attempt this type of function? The conversation was between experts on campus and those outside. Once the leaders settled on an approach, they again sought feedback from a wide audience to test assumptions and make modifications. The result is the proposed Office of Commercialization and Economic Development, which will give the University the opportunity to implement the new approach in an iterative process – taking steps, testing those steps and the assumptions behind them, making corrections, and then moving forward. Leaders will continue to call upon their wide network of external expert practitioners as well as the University’s own experts to develop improved practices that can inform the field.
- To fully realize the potential of the University’s innovation ecosystem, individual I&E spaces, programs, and curricular activities need the resources to adopt best practices and apply lessons learned.
- UNC Chapel Hill needs to carefully consider the pros and cons of a closely held separate structure for certain innovation activities.

Q: What communication strategies are needed to bring the University community and the public on board with our innovation agenda – and to tell the story of impact?

Remains To Be Done — COMMUNICATION

Recommendations

Under the direction of the Vice Chancellor for Communications, a new communications team and structure (Carolina Compass) brings the opportunity for added resources, direction and collaboration around innovation communications. Some areas for action include:

- Formalize a system for effectively gathering and pooling information (content) on innovation and entrepreneurship activities at UNC Chapel Hill. This will require having a network of campus communicators team up with the central communications office.
- Create portals and pathways for faculty, students, and external audiences to learn about innovation and entrepreneurship programs specific to their needs, so they can find help quickly and easily. This work would be executed through the I&E Office.

- Create a national strategy for raising UNC Chapel Hill's profile as a thought leader in this area through key story placements, rankings, etc.
- Provide resources, tools, and guidance to stakeholders, e.g., faculty, staff, student innovation groups and working group members – so that they, in turn, can communicate consistently with audiences.
- Create an easy-to-understand dashboard of the University's economic impact on the State of North Carolina. This should include the direct impact of research, commercialization statistics, and other direct economic benefits.
- Develop and execute investor- and industry-specific communication strategies.
- Develop and execute alumni-specific communication strategies.
- Develop and execute a communication strategy for other key stakeholders.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

UNC Chapel Hill Board of Trustees Innovation and Impact Committee

Response to Questions Posed in June 2014 Memo

Judith Cone

September 2014

This paper responds to the questions posed to the Administration by Board of Trustees' Committee on Innovation and Impact Chair Phil Clay in his memorandum of June 10, 2014. Administrative liaisons to the Committee are Vice Chancellor of Research Barbara Entwisle, Joe DeSimone, Chancellor's Eminent Professor of Chemistry, and Judith Cone, Special Assistant to the Chancellor for Innovation and Entrepreneurship, who was asked to write the response in consultation with Vice Chancellor Entwisle.

The Innovation and Impact Committee is exploring ways to maximize the volume and quality of innovations from UNC Chapel Hill by strengthening the innovation ecosystem to benefit North Carolina and beyond. The University wants to fuel transformation at Carolina and make it a vibrant place of research, teaching, and innovation, addressing the most challenging issues of our time.

In the June 10 Memo the Committee presented the following questions to University Administration and asked for each to be answered in three parts 1) actions to date, 2) what have we learned, 3) what remains to be done. Questions and responses are arranged here under five main headings.

A. Leadership, Strategy, and Alignment

- What are the optimum administrative structures and functions for leading our efforts in innovation and entrepreneurship? What are the roles of other senior officers and deans? How is the faculty mobilized for various roles?

B. Carolina's Innovation Assets

- How does research connect throughout all of our programs and work in innovation and entrepreneurship?
- What does an innovation agenda mean for various segments of the UNC Chapel Hill community and their activities? (education programs, student activities, faculty, staff, alumni, town-gown relations)
- How can we best address design (and cultivate "design thinking") in innovation and entrepreneurship?
- What are the space requirements to support a robust innovation ecosystem? What is our strategy for Carolina North? Does the existing plan hold up? If not, how will we determine what to do?
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C. External Engagement

- How can we engage industry partners in building a strong innovation ecosystem?
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D. Funding

- How will we adequately fund our research and its application, in light of declining federal and state dollars?
- How can we engage the venture community in support of new ventures?
- How does an innovation agenda relate to a university development campaign – and to other possible opportunities for funding?

E. Learning and Communicating

- How can we continually learn from others while also leading in innovation and entrepreneurship?
- What communication strategies are needed to bring the University community and the public on board with our innovation agenda – and to tell the story of impact?

A. LEADERSHIP, STRATEGY, AND ALIGNMENT

Q: What are the optimum administrative structures and functions for leading our efforts in innovation and entrepreneurship? What are the roles of other senior officers and deans? How is the faculty mobilized for various roles?

CONTEXT: ABOUT IMPACT

In responding to this question, it is helpful to make a distinction between commercialization of technology, and innovation as a process of putting important ideas to use for the public good. Bringing new technologies to market through startups or licensing is very important – but is only one way to be innovative and have impact. The University has taken a broad approach to innovation and has described three key translational methods used by faculty, students, and staff:

1. *Launch innovators into the world.* Graduates armed with technical knowledge, grounded in the liberal arts, and inspired to action by example are powerful ongoing contributors to impact. Carolina wants its students to graduate with the tools and confidence to apply entrepreneurial thinking and action throughout their lives. Many parties at the University have been working together to identify – and then cultivate – new skills and attributes that students will need in order to have positive impact in a fast-changing world. For example, a recent Faculty Working Group on Data Studies recommended that all students graduate data literate.
2. *Influence based on research.* Many faculty use the knowledge derived from their research to develop cases that influence government and corporate policy, inform the development of programs and interventions to influence attitudes and behaviors, or to advance the state of practice in fields including science, medicine, government, and education. Through artistic and social endeavors, other faculty, students, and staff create broader understanding of issues and provoke new insights into human affairs.
3. *Create social and commercial enterprises.* This encompasses the *formal* technology commercialization process (based on university-owned intellectual property) as well as *informal* enterprise creation (the starting of ventures that do not depend on university IP). Due to patent tracking, the formal type is officially recorded, while many of the informal type go uncounted. Students are particularly active in informal enterprise creation, although of course, faculty participate in this space also.

While the Board of Trustees Innovation and Impact Committee is broad in its vision, the focus so far has been largely, although not exclusively, on innovation in relation to commercialization and economic development.

All types of innovation require leaders to:

- Make innovation and impact a top priority and build a supportive climate.

- Communicate with multiple audiences inside and outside the University about why this is important and involve them.
- Provide sophisticated guidance and education through formal and informal programs.
- Engage strategic partners to facilitate innovative endeavors.
- Provide incentives and rewards; remove barriers.
- Fully resource the efforts.
- Ensure that the building blocks of innovation are in place (APS, BME, Data studies, Computer Science).
- Promote diversity in interdisciplinary work (team science, convergence, implementation science).
- Communicate Carolina's impact on North Carolina and on the world.

The above-listed fundamentals of an innovation ecosystem will appear in various sections throughout this document. In myriad ways, UNC Chapel Hill leaders demonstrate their commitment to innovation through their actions.

Regarding the senior administration team:

Some major steps have been taken since 2010 in terms of creating, and enhancing the work of, key offices. These offices, in turn, have done much to help build (or to revamp) systems and programs for innovation. Some critical next steps are being planned. While several offices could be highlighted, two existing and a proposed new one are discussed:

Chancellor's Office of Innovation & Entrepreneurship:

Actions To Date — I&E OFFICE

Established in 2010, this office leads campus-wide efforts to strengthen a culture of innovation and entrepreneurship and encourages all three translational approaches. Early on it engaged faculty, students, and external groups (including five Board of Trustee members) to create a strategy (the *Innovation Roadmap*) and then to implement it (documented in the *Two-Year Progress Report*). The *Roadmap* called for actions such as having the campus adopt a central major global issue such as water. It also highlighted the need for diversity in interdisciplinary approaches to help solve complex problems. It recommended creating and/or strengthening the building blocks of innovation: Applied Physical Sciences, Biomedical Engineering, Data Studies, and Computer Science.

Using the *Roadmap* as a guide and iterating along the way, the I&E Office has advocated for the issues stated above and has encouraged advancements in teaching entrepreneurship and building innovation spaces. One of the most important tasks has been to identify roadblocks and then collaborate with administrators and staff members to remove or at least lessen them. Whether people wish to pursue social, artistic, commercial, sports, health, or scientific innovations, the I&E Office monitors programs and services to ensure everyone is well served by the University community. The Office publishes progress reports on the University's innovation ecosystem every two years.

From the beginning, the Office has turned to student leaders to help set the agenda and implement the work. The Chancellor's Student Innovation Team, created in 2010, has been an integral part each step along the way, followed by a more recent graduate-student team.

Further, the I&E Office works with units across campus to start and/or improve their work, involves students as leaders in these initiatives, helps to raise funds, and provides seed grants for projects. The Office, along with the Center for Entrepreneurial Studies, co-founded Launch Chapel Hill, and it helped establish 1789 Venture Lab and the CUBE Social Innovation Incubator in collaboration with the Campus Y. It established a campus-wide community of faculty, staff, and students involved as leaders in innovation and entrepreneurship, the *Carolina I&E Network*, to grow the ecosystem. The Network has approximately 125 on the mailing list and an average attendance of 85 at monthly meetings. The I&E Office has organized these meetings to introduce the group to each other, further integrate the campus's work, provide connections to senior leaders (Chancellor Folt was the kickoff speaker), present informational sessions, bring up issues that need to be addressed, and pursue new opportunities.

The Office communicates the stories of innovation through its innovate.unc.edu website and social media. It represents the University in developing the Triangle entrepreneurship ecosystem, in the State, and on the national stage.

Finally, the I&E Office has helped raise millions of dollars for innovation and entrepreneurship. (The *Roadmap* goal was \$125 million, and that target is close to being reached with one year left in the plan.) In turn, the University has helped social ventures, student startups, and faculty spinoffs get started. Thousands of students have engaged in experiential education to learn what it means to think and act entrepreneurially.

What We Have Learned — I&E OFFICE

The strategic and catalytic role of this Office is important to drive innovation in myriad ways on campus and to ensure that resources and processes are aligned with the vision. Singularly, it works across all dimensions of the University: Administrative and academic leadership, research, teaching, service, undergraduates, graduate students, post docs, faculty, staff, donors, and the community. This type of panoramic view allows Carolina, as a large complex organization, to make the type of strategic decisions necessary to be a vibrant innovation hub that tackles the biggest challenges of our time.

Much progress has been made; much important work remains. Culture building requires consistency over time.

Remains to Be Done — I&E OFFICE

Recommendations

- Continue to be a catalyst. Articulate the vision and mission, engage a wide variety of internal and external stakeholders, and advocate for a culture of innovation and entrepreneurship campus-wide.
- Continue to evaluate the ecosystem, advocate for necessary changes and promote new advancements in how our campus accomplishes this work.

- Implement tools that can be shared within the *Carolina I&E Network* such as the adoption of Salesforce, which is under way.
- Celebrate successes and tell the stories of innovators and their impact.
- Help raise funds for campus initiatives.

Office of the Vice Chancellor for Research:

Actions To Date — OFFICE OF RESEARCH

The Office of the Vice Chancellor for Research represents the front end of the innovation pipeline. Despite the sequester and the federal shutdown, Carolina has continued to increase its research and it now ranks 9th nationally in federal funding, and 11th from all sources. Federal sponsors account for most of this funding. Accordingly, the Office of Research has had a strategic focus on diversification, making investments and organizational changes to support funding from industry, including our own spinouts. It has also made investments to help maximize the impact of Carolina's research through support for the CTSA, and through the research centers and institutes, where applied research related to policy, programs, and practices is largely based. It is these accomplishments that highlight even more graphically the underperformance on the other end of the pipeline.

With respect to commercialization specifically, the Office of Research has made improvements in the Office of Technology Development (OTD) through personnel and budget changes and better systems. It created a patent review process and a Technology Development Grant program as well as waived indirect charges on Phase I SBIR/STTR grants. OTD is performing much more effectively than previously.

As background, prior to 2010, for many years the Office of Technology Development, reporting to the Vice Chancellor for Research, was the only organization on campus commercializing research. It seemed unable to fill that role adequately, as shown by weak indicators of performance compared with peer institutions. As a consequence, in 2004 the School of Medicine started the Carolina KickStart initiative with funds from a NC TraCS CTSA award. During that same time, the Carolina Express License was created by a faculty task force and went into use in 2010.

What We Have Learned — OFFICE OF RESEARCH

The Research Office has a large and growing portfolio that now includes nearly \$800 million in research. It has 11 offices that support research development, compliance, and impact, is responsible for 16 university centers and institutes, and works with all faculty to advance their research. Carolina's research portfolio is more than twice the size of the next largest in the UNC system (NCSU) and, because the portfolio is dominated by the life sciences, is highly regulated.

Throughout the University's history, research and teaching have received the majority of resources, while service was lauded but certainly not an equal partner in allocations. Now that impact has risen to a priority, innovation will need to be supported accordingly.

The size and complexity of the Research Office's portfolio is important because Carolina is in a time of transformation. The services offered by OTD have improved, but those advances in

themselves will not be sufficient to deliver the types and quality of services needed across multiple audiences quickly enough to close the innovation performance gap. Take the sum of our good actions, and we improve. Take the vision of what we could become, and it means we have to be disruptive for the public good.

There are plans to create a separate office for commercialization and economic development (discussed in the next section).

Remains To Be Done — OFFICE OF RESEARCH

Recommendations

- Continue the mission of growing research and maximizing its impact. Work closely with the Offices of Development, Communication, Innovation & Entrepreneurship, and the proposed Office of Commercialization and Economic Development, as well as with departments, centers, and institutes, to help increase research funding and facilitate the translation of research into practical benefit.
- Provide streamlined services for sponsored research proposals and agreements with private industry through the Office of Industry Contracting.
- Enhance communication research benefits through the Office of Research Communications.

Proposed Office of Commercialization and Economic Development:

This proposed new office will report to the Chancellor and provide the needed focus on end-of-the-pipeline impact. It will be nimble and experimental, give visibility to the goals, and be able to hire the type of additional talent needed. Most important, it will enable the University to take next-level steps to become a leader in these fields.

Actions To Date/What We Have Learned — PROPOSED OFFICE OF COMMERCIALIZATION AND ECONOMIC DEVELOPMENT

Presentations to the Committee highlighted the underperformance of Carolina in commercialization. While the University is much improved due to the investments of the Office of Research and those of other units around campus, incremental improvements will not catapult Carolina into becoming a global leader in this area.

Since commercialization is a critical component of the innovation ecosystem, University leaders believe this proposed office is needed to integrate the various entities on campus (including the OTD) into a unified effort and add additional services. It would build on the solid base that has been developed since 2010 and make Carolina a highly effective university in commercialization. A great deal of analysis and planning has gone into how such an office could be designed.

Economic development has been covered during the Committee meetings in relationship to the impact Carolina has on the state. The economic strength of North Carolina is of utmost importance to the University. This is our State, and we are dedicated to serving its citizens.

Having a senior-level position dedicated to economic development will harness campus-wide efforts, draw on the strengths of our research, and leverage faculty, staff, and students in a

coordinated way to make lasting and significant improvements. The proposed office would work with experts in economic development across campus to create and implement a strategy for maximizing UNC Chapel Hill's efforts, in partnership with local, regional, and state leaders from business, government, and support organizations. Further, this Office would, in partnership with Development and Research, help lead a major focus on developing industry relations.

Multiple factors are now converging that make this the time to create the proposed office:

- The Board of Governors, Board of Trustees, Chancellor and Provost are aligned behind making innovation and impact a top priority and increasing benefits to the State from UNC Chapel Hill research.
- The campus has been building a culture of innovation and has made progress in commercialization. Deans who lead units that engage in commercialization, as well as academic entrepreneurs, want the University to take the needed actions to make Carolina an exemplar in these areas.
- State government officials are encouraging universities to increase their commercialization efforts.
- Federal funding agencies increasingly favor research geared to translation and commercialization of basic science.
- Millions of people in North Carolina already benefit from the economic impetus that Carolina, as a major research university, provides, but the need is great.
- UNC Chapel Hill has not had a university-level representative for economic development since 2010, when the two-person Office of Economic and Business Development closed upon Director Jesse White's retirement. Faculty and staff working on topics related to economic development continue to meet monthly during the academic year to discuss issues, but there is no comprehensive framework for advancing their efforts.
- The Office of Research is large and complex, dealing with a budget of nearly \$800 million that is concentrated in the highly complex fields of human life sciences. Having a separate office that works closely with Research, but is focused on commercialization, could help in managing all aspects of the work more effectively.

Remains To Be Done —PROPOSED OFFICE OF COMMERCIALIZATION AND ECONOMIC DEVELOPMENT

Recommendations

- Create the Office of Commercialization and Economic Development to fulfill the following two missions:

Mission for Commercialization – From Invention to Impact: Provide maximum benefit to the people of North Carolina and beyond by optimizing the University's systems for practical innovation, and by licensing university intellectual property promptly to those who will most effectively and appropriately propagate it into use for society.

Mission for Economic Development: Grow North Carolina's economy and competitiveness by engaging key faculty/staff experts and students to develop and implement a strategy to address economic development drivers in our State.

The roles of other senior officers and deans:

Actions To Date — SENIOR OFFICERS AND DEANS

Strengthening a culture of innovation that maximizes Carolina's impact on the citizens of North Carolina and beyond is the responsibility of every leader.

Senior leaders throughout the campus have contributed to the innovation agenda. The Provost and Vice Provosts, along with the Vice Chancellors for Research, Development, Student Affairs, Administration/Finance, Workforce Strategy, Legal Affairs, Communications, and Special Assistant for I&E have been instrumental in the advances to date. Some deans lead units that have more a direct relationship to commercialization, but all can and do drive innovation and impact.

Frustrated by inadequate commercialization services offered by central administration prior to 2010, and motivated by a vision of what was possible, a few deans, whose schools are most prolific in generating patentable intellectual property, took the lead. Wanting to close the commercialization gap, they created their own programs and shared them with others across the campus. Most notable in this regard are the deans of the School of Medicine, Kenan-Flagler Business School, the Eshelman School of Pharmacy and the College of Arts & Sciences, working with the Departments of Computer Science and Chemistry. Some have included innovation in plans for the upcoming campaign.

What We Have Learned — SENIOR OFFICERS AND DEANS

To have a robust, highly effective, and sustainable innovation and entrepreneurship ecosystem, the University's related goals and strategies need to be fully integrated by each senior administrative leader and dean, and resources and processes need to be aligned.

The University's commercialization efforts are now distributed between central services and localized programs. Carolina KickStart, UNC Kenan-Flagler's Frank Hawkins Kenan Institute of Private Enterprise and the Center for Entrepreneurial Studies provide important services to augment the work of OTD, especially around the creation of new businesses based on university IP. Finding the optimal mix between centralized leadership and decentralized services will fully leverage campuses resources.

Remains To Be Done — SENIOR OFFICERS AND DEANS

Recommendations

- Continue to include goals related to innovation and impact in their strategies and actions. Senior leaders need to align institutional resources and processes accordingly. Since the Chancellor and Provost are working closely with administrative leaders and deans on strategic planning and the Development Office is preparing for the new capital campaign, this is the time to incorporate innovation goals.
- Articulate to their constituents how and why the University is building an innovation ecosystem and how it is relevant to their areas of responsibility or research. Specifically encourage their faculty, staff, and students to consider the rewards of converting ideas into practical benefit.
- Balance central services and unit programs to keep them strategically aligned and fully integrated.

- Deans: Continue creating structures and environments that support innovation. Prioritize innovation initiatives in development goals as well as in communication strategies. Following the lead of some deans, it is helpful if each assigns an innovation and entrepreneurship liaison officer to join the university's I&E Network group, and to serve as an internal contact person and champion. The Schools of Medicine and Pharmacy and the Department of Computer Science have associate deans/chair with titles related to entrepreneurship.
- Deans: Ensure that their faculty feel supported in undertaking scholarly work in ways that benefit non-academic sectors and have impact. Align incentives and rewards.

Mobilizing faculty for various roles:

Actions To Date — MOBILIZING FACULTY FOR VARIOUS ROLES

Faculty are at the heart of the innovation effort, whether they contribute by creating intellectual property, starting enterprises, or maximizing impact in other ways. A variety of programs and initiatives are under way to spur faculty involvement in commercialization and entrepreneurship more broadly. For example:

- Carolina KickStart, the Center for Entrepreneurial Studies, the Office of Technology Development, the Kenan Institute of Private Enterprise, the CUBE, Launch Chapel Hill and unit programs all help faculty with commercialization. Carolina KickStart has created a faculty mentor program whereby faculty seasoned in commercialization coach those new to the process. Other formal training programs are available, such as Launching the Venture, as well as many mentoring programs such as the Concierge program at the Kenan Institute and the ongoing assistance provided by OTD staff. Entrepreneurs-in-Residence are in place throughout the University and work closely with administrators, faculty, staff, and students.
- Faculty have a role on the OTD Advisory board, have been on task forces for commercialization and industry relations, and speak at the OTD Innovations Seminar Series.
- Carolina KickStart has consistently advocated for incubation space. It spearheaded the use of part of the second floor of the Genome Sciences Building for office and wet-lab space for faculty ventures, and pre-negotiated conflict of interest and facilities use agreements.
- The Faculty Entrepreneurship Bootcamp, hosted by the Economics Department's Minor in Entrepreneurship and staffed with facilitators from on and off the campus, is a four-day program for faculty who want to learn the principles of moving their ideas forward to application. This past year, several faculty from other UNC universities attended, and there are conversations about expanding it further.
- Other programs focus on innovative engagement and outreach, such as the Felix Harvey Award. As formally stated, this award is meant to *recognize exemplary faculty scholarship that reflects the University's commitment to innovation.*

What We Have Learned — MOBILIZING FACULTY FOR VARIOUS ROLES

Not all faculty wish to be involved in the innovation work of the campus. Some perceive innovation in the narrow sense to mean commercialization of IP, and think that such activity is not relevant to them. Communicating that innovation is about impact engages more faculty. For faculty who do wish to commercialize their work, there is an awareness gap in terms of knowing where to turn for help and how to navigate the process. Some find the task too daunting to even begin. Among those faculty already engaged in commercialization, the majority are not seasoned in this type of work and would benefit from added guidance and services. The process of managing conflict of interest remains a major barrier to this work at Carolina.

Remains To Be Done — MOBILIZING FACULTY FOR VARIOUS ROLES

Recommendations

- More effectively help faculty understand that translation is an extension of their scholarly pursuits.
- Find ways the University can incentivize and facilitate translational work. For instance, faculty need time to invest in the translation process.
- Effectively guide faculty through the translation process.
 - Expand the Faculty Bootcamp or some such equivalent(s).
 - Use successful, respected faculty innovators as mentors and guides for others. Expand on the KickStart Faculty Fellows program – which is modeled after a University of Utah program.
- Streamline the Conflict of Interest Review process.
- Create a cross-campus entrepreneurship education curricular committee to continue refining how faculty teach entrepreneurship to various audiences.
- Better engage with Carolina faculty who are noted scholars in innovation and entrepreneurship to learn from them and extend their scholarly work.

B. CAROLINA'S INNOVATION ASSETS

Q: How does research connect throughout all of our programs and work in innovation and entrepreneurship?

CONTEXT

As a leading research university, Carolina is connected to local, national and global communities. Society often looks to the top talent at universities – scientists, innovators, program leaders – to produce new solutions to pressing local and global challenges. Such complex problems require diversity of thought and collaboration in finding solutions based on interdisciplinary research. Research, especially research that brings together diverse talent, is at the heart of our innovation agenda.

Actions To Date — RESEARCH FUNDING

The steady growth of research funding at the University over the past 15 years is a tribute to the talent, hard work, and success of the faculty (a product of earlier as well as current investments) and an interdisciplinary approach to advancing knowledge and understanding. UNC Chapel Hill faculty are part of an internationally-recognized research enterprise that draws from five health sciences schools (Dentistry, Medicine, Nursing, Pharmacy, and Public Health), plus UNC Health Care and its teaching hospitals, as well as the College of Arts and Sciences and the other professional schools. UNC Chapel Hill is particularly known for its collaborative and interdisciplinary culture, as evidenced by the centers and institutes that are vital to its research program. Team science is the norm.

The 2011 Academic Plan identified *interdisciplinarity* in teaching, research and public service as a central focus, and outlined action steps to build support for it across campus, thus leveraging a comparative advantage the University already enjoys. Fully half of the external funding received supports projects that include faculty from more than one department, often from more than one school within the University. Institutes and centers have a particular role in supporting interdisciplinary collaboration and helping to leverage impact. For example:

- The North Carolina Translational and Clinical Sciences (NC TraCS) Institute combines the research strengths, resources and opportunities of UNC, partner institution RTI International and planning partner North Carolina Agricultural and Technical State University (NC A&T). The mission of NC TraCS is to accelerate clinical and translational research in health science, from discovery to dissemination to patients and communities. It seeks to overcome barriers to translation by improving efficiency, training the research workforce and sharing successful research methods. It is the sponsor of Carolina KickStart, 4D, and other relevant programs.
- The Cecil G. Sheps Center for Health Services Research seeks to improve the health of individuals, families, and populations by understanding the problems, issues and alternatives in the design and delivery of health care services. This is accomplished through an interdisciplinary program of research, consultation, technical assistance and training that focuses on timely and policy-relevant questions concerning the accessibility,

adequacy, organization, cost and effectiveness of health care services and the dissemination of this information to policy makers and the general public.

- The Asia Center works with the College of Arts and Sciences, professional schools, and various departments, centers and student organizations at UNC Chapel Hill, and collaborates with other regional and international institutions to develop and implement educational programs about Asia.

UNC Chapel Hill is leading a national conversation on convergence. Chancellor Folt and Joe DeSimone, Chancellor's Eminent Professor of Chemistry, helped organize a National Academies conference on the topic, and the conference report stated:

"Convergence" of the life sciences with fields including physical, chemical, mathematical, computational, and engineering sciences is a key strategy to tackle complex challenges and achieve new and innovative solutions. For example, researchers draw on contributions across these disciplines to advance our understanding of health and disease at genetic, cellular and systems levels and to develop and deliver novel therapeutics designed to treat diseases earlier, more successfully, and with fewer side effects.

Numerous reports have explored advances that are enabled when multiple disciplines come together in integrated partnerships (e.g., *A New Biology for the 21st Century* (NRC 2009); *Research at the Intersection of the Physical and Life Sciences* (NRC 2010); *The Third Revolution: The Convergence of the Life Sciences, Physical Sciences, and Engineering* (MIT, 2011); and the *National Bioeconomy Blueprint* (White House, 2012). As a result, institutions have increasingly moved to implement programs that foster such convergence or are interested in how they can better facilitate convergent research.

Research-based interdisciplinary work, often carried out in collaboration with colleagues at other institutions around the world and/or in the private sector, has been fertile ground for innovative, applied solutions. For example, the exceptional work of the Water Institute under the leadership of Jamie Bartram, together with the Institute for the Environment under the leadership of Larry Band, has drawn experts from around the world to its annual water conference, and has launched multidisciplinary efforts to solve issues of access to safe, clean water sources.

Programs to help faculty translate their research into innovations include Carolina KickStart and the Concierge Program for Entrepreneurs (including patent landscape analysis) at the Kenan Institute of Private Enterprise. OTD Associates assist faculty on an individual basis.

What We Have Learned — RESEARCH FUNDING

An innovation and entrepreneurship agenda that prioritizes commercialization and other translational methods is, by definition, one that depends on excellent interdisciplinary research to initiate the process. Yet, faculty who want to explore ways to apply their research struggle to find the time. They also need the right mentorship. Waiting until a faculty member files an invention disclosure with OTD misses opportunities to work on research ideas in their earliest stages and help guide their development.

With the exception of graduate students in the Kenan-Flagler Business School, graduate students and postdocs have few educational or co-curricular opportunities to build their entrepreneurial capacity. A major challenge has to do with conflict of interest issues around the participation of students in startups based on faculty IP.

Remains To Be Done — RESEARCH FUNDING

Recommendations

- Given the focus at Carolina (and, indeed, nearly everywhere) on interdisciplinary work, continue to promote collaboration and research across disciplines as a fertile source of potential innovations.
- Develop more integrated, clearer systems and support for faculty interested in commercializing their research including allocating time for faculty to become involved.
- Create and implement a comprehensive plan to educate and involve graduate students and post docs in the translational work of the campus, while also pursuing studies within their disciplines. Include connections between MBAs and graduate students and post docs in the sciences.
- Within the general structure of federal and state regulations, resolve conflicts of interest in an expedient, fair, and respectful manner so that faculty and graduate students are able to appropriately engage in innovation activities.

Q: What does an innovation agenda mean for various segments of the UNC Chapel Hill community and their activities?

CONTEXT

UNC Chapel Hill has many stakeholders pursuing a myriad of activities. To carry out the innovation and entrepreneurship agenda with maximum effect, it is worthwhile to consider how that agenda is being expressed in and integrated with the following:

- Educational programs
- Student activities
- Alumni relations
- Town-gown relations
- Faculty
- Staff

Good work has been done on all fronts but many needs remain. Below is a review of each area:

Educational programs:

Actions To Date — EDUCATIONAL PROGRAMS

UNC Chapel Hill has developed outstanding programs for faculty and students in innovation and entrepreneurship, with varying degrees of saturation depending on the target audience. Curricular offerings include: undergraduate and graduate entrepreneurship concentrations

through courses at the Business School, the Entrepreneurship Minor led by the Economics Department in the College of Arts & Sciences, a joint MBA/MD program, the Reese News Lab in the School of Journalism, a new Education Innovation Masters program in the School of Education, and courses in schools and departments across campus such as Public Health and Social Work.

Curriculum in the building blocks of innovation (APS, BME, Data Studies, Computer Science) is being created and/or strengthened. A new CreatorSpace will be tied into the APS and BME courses and open next year in Murray Hall.

Programs outside the classroom for faculty and students include: Carolina KickStart and 4D, Concierge Service for Entrepreneurs, Blackstone Entrepreneurs Network, Launch Chapel Hill, 1789 Venture Lab, the Campus Y CUBE Social Innovation Incubator, and UNC Health Innovations. Depending on the level of interest and point in the innovation process (imagine-design-build-grow), UNC Chapel Hill has a program that will help develop innovation skills and provide connections to other resources.

What We Have Learned — EDUCATIONAL PROGRAMS

As a recent survey revealed, many faculty are unaware of the services and educational programs available. When faculty do use these, they report benefits from formal programs like the Faculty Bootcamp and Launching the Venture, and from co-curricular workshops through programs like the Carolina Challenge and CUBE.

Students are looking for ways to combine their innovative and entrepreneurial passions with their formal studies. At the same time, students in areas that are not necessarily thought of as entrepreneurial benefit from exposure to the fundamentals of an innovation toolkit. These include the abilities to work in multidisciplinary teams, see opportunities and design imaginative solutions, communicate and execute on goals, be literate in data, have exposure to design methodologies, and navigate a rapidly-changing global environment.

Remains To Be Done — EDUCATIONAL PROGRAMS

Recommendations

- Continue developing and enhancing the entrepreneurship curriculum in units across campus to include methodologies for the entire innovation process: imagine-design-build-grow. Incorporate creativity and design thinking more fully in the existing entrepreneurship programs.
- Strengthen entrepreneurship educational programs for graduate students and post docs. Identify funding that could facilitate participation in these programs.
- Continue creating/expanding courses in Applied Physical Science, Biomedical Engineering, Data Studies, and Computer Science.
- Create targeted programs to best meet the needs of faculty in learning how to translate their work. Focus on just-in-time learning with a mixture of online tutorials, mentoring, and small groups.
- Market the educational programs more effectively, and in general make it easier for all audiences to find the resources and people they need.

Student Activities:

Actions To Date — STUDENT ACTIVITIES

In addition to curricular and co-curricular programs, the University has seen an increase in student-led activities to engage and build participation in an innovation ecosystem. Examples include: TEDxUNC, hackathons organized by student groups in Computer Science, Global Entrepreneurship Week activities, Carolina Creates, Kairos (featuring top student startup leaders), Design for America, University Innovation Fellows, CreatorSpace Student Leaders, the Chancellor's Student Innovation Team (CSIT) and Chancellor's Graduate Student Innovation Team (CGSIT). The I&E Office works with these student groups to plan and execute activities throughout the year, including a recent Innovation Fair and Maker Fair during Week of Welcome.

Some graduate students work closely with their faculty advisors to develop potential innovations, consult via student teams, and serve in such paid internships as the Blackstone Fellows. On a limited basis, a few graduate students work as interns in OTD and receive two-year fellowships to work on a faculty spinout.

Each year the University actively recruits a few top students to come to Carolina on a four-year full scholarship as undergraduate Innovation Scholars. These students are automatically part of the Entrepreneurship Minor and are invited to join the related campus leadership organizations.

What We Have Learned — STUDENT ACTIVITIES

Students are drawn to activities that allow maximum room for creativity, exploration and growth. UNC Chapel Hill has successfully built an innovation culture among undergraduate students across disciplines. Students who have ideas for forming startups can find support through various programs. Most of their startup ideas tend to be disconnected from significant areas of expertise and research on our campus, however. Student engagement with some of those areas, and with the faculty leads, could potentially be a source for more entrepreneurial solutions to the challenges that Carolina is taking the lead in addressing.

Remains To Be Done — STUDENT ACTIVITIES

Recommendations

- Better align student innovation activities with the research agenda of the University, exposing students to problems and potential solutions in areas outside their personal knowledge, and attuning them to the University's efforts to address pressing global challenges. This will help to expand students' thinking, so that when they generate their own ideas for startups (as many now do), they can see possibilities beyond the limited scope that is often typical of student enterprises.
- Engage graduate students more fully in the innovation agenda.
- Find ways to harness the expertise of post docs and when appropriate, engage them with faculty spinouts.
- Better market campus resources to all students.
- Expand the Innovation Scholars program.

Alumni relations:

Actions To Date — ALUMNI RELATIONS

The University's innovation agenda has sparked new relationships with alumni and parents who are themselves entrepreneurs, investors, or generally supportive of the work. Beginning with the Innovation Circle (a group of external stakeholders assembled to help create strategy for the campus), potential supporters have been provided many ways to become involved in the University's work in innovation. Alumni and parents as well as foundations have funded needs outlined in the *Roadmap*, including the endowment for the Entrepreneurship Minor, funding for innovation in the arts and humanities, social entrepreneurship, programs in the Business School, Innovation Scholars, and for many other initiatives across campus. In addition to giving, UNC alumni are working diligently to support the innovation agenda through mentorship in programs such as Launching the Venture, Blackstone Entrepreneurs Network, and Carolina KickStart, as well as through efforts to build the student innovation ecosystem. (For example, a local entrepreneur who is an alumnus founded and provides the majority of funds for the 1789 Venture Lab on Franklin Street).

What We Have Learned — ALUMNI RELATIONS

Despite much progress in this area to date, UNC Chapel Hill has just scratched the surface of the potential that exists in engaging alumni as donors, mentors, investors and often as creative forces in the University's projects and people. The Office of Development is eager to work more systematically towards alumni relationships that can yield significant future support for innovation work.

Remains To Be Done — ALUMNI RELATIONS

Recommendations

- Develop a high-level strategy for engaging alumni support for the innovation agenda. Segment the alumni and call upon them for their expertise as entrepreneurs, investors, and subject-matter experts as well as donors.
- Create an Innovation Fund for the campus that would support all aspects of the innovation agenda.
- Tie in alumni through regional innovation hubs.

Town-gown relations:

Actions To Date — TOWN-GOWN RELATIONS

For some time, talks with the Town of Chapel Hill about economic development centered around Carolina North, which called for innovation space particularly for faculty. As plans for Carolina North slowed, the University continued looking for ways to work with the Town to further support local economic development in addition to the University being a major employer and consumer of services and products. Helping develop and be home to Carolina startups is now part of the Town's and County's agenda. The Launch Chapel Hill business accelerator is a joint project among the Town of Chapel Hill, Orange County Economic Development, successful

entrepreneurs, and the University to support and accelerate startups of both UNC alumni and local residents. This partnership has been tremendously successful.

What We Have Learned — TOWN-GOWN RELATIONS

The Town of Chapel Hill and Orange County are pleased with the Launch Chapel Hill project and are eager to continue working together to support entrepreneurs. There are a number of challenges in creating a thriving startup scene in Chapel Hill. Rents are high and space is sparse near campus. There is not a major Chapel Hill corporation that is championing the startup ecosystem, such as occurs in Durham with Capital Broadcasting.

Remains To Be Done — TOWN-GOWN RELATIONS

Recommendations

- Continue working with Chapel Hill and Orange County officials on how to attract, support, and retain entrepreneurs and harness innovation for the economic and social benefit of the community. Good relations have been established and talks are underway for next phases of this work.
- Encourage landlords who own office space to offer flex terms and lower rents for startups.
- Build a world-class Innovation Center in Downtown. (see Space section)
- Create a strategy to engage local influential individuals in this work.

Faculty:

Actions To Date — FACULTY

The innovation agenda has resonated with the majority of faculty, especially when discussed in more general terms as a means of extending their scholarly work to have practical benefits and impact beyond the academic realm. Some faculty come and stay at Carolina because of its ethos of research-based service. Even so, innovation themes are more readily embraced by faculty whose work is obviously translational (especially in computer science and the health sciences). UNC Chapel Hill has worked to recruit and retain noted innovative faculty members and to celebrate their work, striving to be a University where innovators thrive. Only a small percent of faculty have patentable discoveries, and not all of them want to commercialize those discoveries. In the latter case, OTD waits for invention disclosures from faculty while KickStart and unit liaisons start to work with faculty as early as possible to better move discoveries into the commercialization pipeline.

Two examples of faculty work show the diversity in types of impact. Both received much support from innovation team members on campus. As then chair of Music in Arts & Sciences, Mark Katz was asked to create the arts entrepreneurship track in the Entrepreneurship Minor, and he also received funds and support through an IAH Innovation award. Professor Katz created several new courses, including The Art and Culture of the DJ, Beat Making Lab, Rap Lab, and Rock Lab. With Professor Katz's assistance, his two adjunct faculty took Beat Making around the world and created an independent company to promote Beat Making and art activism. Professor Katz leveraged this work to win a U.S. Department of State grant for \$1 million to create *Next Level*, a program that sends American artists abroad to foster cultural exchange, conflict resolution, and entrepreneurship.

On a different front, faculty members Shelley Earp and Stephen Frye are commercializing their discoveries. Their firm Meryx is a new spinout company from Lineberger Comprehensive Cancer Center and the Eshelman School of Pharmacy. In partnership with the National Cancer Institute (NCI), they are developing a novel therapeutic treatment for acute lymphoblastic leukemia (ALL). They have a platform of small-molecule drugs for a wide range of clinical indications; cancer, anti-viral, and anti-thrombotic. The team is led by co-founders Stephen Frye, PhD; H. Shelton "Shelley" Earp, III, MD along with Seth Rudnick, MD, Chairman of the Meryx board and Mary Napier, PhD Operations Lead.

Specific support for faculty who wish to commercialize their technology is handled by the Office of Technology Development, the Carolina KickStart program, the Concierge Service for Entrepreneurs at the Kenan Institute of Private Enterprise, and through I&E liaisons within the schools themselves.

What We Have Learned — FACULTY

Those faculty already inclined toward translating their research into practical application tend to find the resources that they need to be successful. Many faculty remain confused about the best pathways to take and are not well informed about the opportunities that are available. Often they are unsure about how to handle such issues as conflict of interest. Some have not recognized or found the linkages between their research/careers and translation to non-academic audiences.

Remains To Be Done — FACULTY

Recommendations

- Reach more faculty with the opportunities of the innovation agenda.
- Develop an integrated network of innovation liaisons working with a core staff to be closely in tune with all faculty work and to educate faculty about Carolina's innovation agenda and resources.
- Create integrated, comprehensive systems that support faculty from early-stage innovation through all phases of translating knowledge into practical use. Build bridges of assistance across gaps in the process that are hard for faculty innovators to traverse on their own.
- Streamline all systems to remove resistance to the process, especially conflict of interest and facilities use.
- Find the resources needed for faculty to pursue innovations.

Staff:

Actions To Date — STAFF

UNC Chapel Hill students and faculty are supported in their innovation work by a small cadre of program staff, distributed across campus. These staff members work with each other and with faculty and students who are not directly engaged in the innovation agenda but have critical roles to play. Staff from the Office of Technology Development, KickStart, Kenan Institute of Private Enterprise, unit liaisons, those who operate the innovation spaces as well as offer the accompanying programs, and many others work tirelessly.

What We Have Learned — STAFF

Innovation often requires flexible thinking and approaches that challenge bureaucratic systems. University staff have worked to find ways through roadblocks and to expedite processes that are critical to advancing innovation, although there is still more to be done. Staff members in this area are too few and are under-resourced.

Remains To Be Done — STAFF

Recommendations

Garner resources to bring additional staff support to the innovation ecosystem. Develop clear linkages between the offices and programs that provide staff support and guides to help others navigate the landscape.

Q: How can we best address design (and cultivate “design thinking”) in innovation and entrepreneurship?

CONTEXT

Those involved with design thinking promote methodologies that include: seeing a problem or opportunity in the world, targeting the need, ideating possible solutions, and then ultimately designing a solution – all from a customer-driven or user-driver perspective. Increasingly, these methods are being used not only to design products but to design new businesses, whether they are startups or new arms of existing firms, and to design not-for-profit ventures that address social issues. The process centers around answering three key questions: Is this desirable? Feasible? Viable?

Design thinking may be combined with other concepts such as the lean startup model, which emphasizes building a new company iteratively, with feedback from customers, before scaling to each next step. The result is a highly-adaptable approach, which (when executed well) can produce startups that truly meet needs, while reducing the cost and risk involved. This is a departure from traditional business plan approaches in which entrepreneurs first map out a detailed master plan for their startups and try to find financing.

Actions To Date —

UNC Chapel Hill has shifted to teaching entrepreneurship on the basis of design thinking, lean startup, and business models with a focus on guided ideation as an integral part of design. The Human-Centered Design Toolkit, funded by the Gates Foundation, shows how to use the same methodologies in not-for-profits and social enterprises. Human-centered design is used by the Reese News Lab in the School of Journalism to generate solutions such as Capitol Hound, a social enterprise that provides a searchable audio archive and alert system for people following the North Carolina General Assembly floor sessions and committee meetings. In the Business School and the Entrepreneurship Minor, design thinking and lean startup methods are being integrated into the curriculum. Co-curricular support teams like Design for America (undergraduate-led), the Biomedical Engineering Club (graduate-student led), Carolina Creates (undergraduate-led) and

the new Carolina Makers club (graduate and undergraduate student-led) conduct events and workshops that provide opportunities for idea development and solution design. Formally, design methodologies are integrated into the BME curriculum and will be a component of the curriculum in the new department of Applied Physical Sciences (APS).

APS also has led in the development of a new maker space (with the working title Carolina CreatorSpace) scheduled to open in the fall of 2015. A faculty working group of more than 25 members met during the past year to make recommendations for a 3500 ft² central space that will provide tools, technology and instruction for students and faculty in making physical objects. The space will support both curricular and co-curricular programming. It will be a hub that connects existing spaces on campus where design and making already occur, such as the Environmental Science Engineering (ESE) Design Center in the Gillings School of Global Public Health, the Art Lab in the Art Department, the Playmakers Theater Shop in the Paul Green Theatre, the University Libraries' 3-D printing hub in the Kenan Science Library, and the new children's maker space in the Morehead Planetarium.

What We Have Learned —

Methodologies for seeing problems, targeting need, ideating possibilities, and designing customer-driven solutions are effective means of innovation. Design thinking, human-centered design, improvisation and other creative methodologies add value to the entrepreneurial process, generating more actionable and successful ideas.

The campus program leaders and faculty are in the process of incorporating these methods in their offerings. Design is at the forefront in the discussion of I&E spaces.

Remains To Be Done — DESIGN

Recommendations

- For faculty entrepreneurs, integrate ideation and design methods into the full-service technology development approach that begins in the lab, well prior to invention disclosure. Lean Startup methods for the life sciences are made available through an NIH program, but our campus needs to create its own version.
- For students, support full integration of design methods into areas where this is already being done or planned—notably APS, BME, the proposed Data Studies competencies, and the CreatorSpace – while exploring potential uses of the methods in other curricular and co-curricular offerings.
- Expand the University's educational programs in design thinking for faculty and University program leaders, and continue exploring ways to ingrain design on our campus, especially as we create new spaces for innovation.

Q: What are the space requirements to support a robust innovation ecosystem? What is our strategy for Carolina North? Does the existing plan hold up? If not, how will we determine what to do?

Space requirements:

Actions To Date — SPACE

In 2010 there were no formal spaces on campus dedicated to hosting and supporting startups. Since then, programs and spaces have opened and are essential infrastructure for the University's burgeoning innovation ecosystem. The Campus Y has created and has even increased its services for social entrepreneurs. The Entrepreneurship Minor is in the process of opening its new space in Gardner Hall. Faculty, staff, students, and donors have made numerous trips to visit innovation spaces. Teams have visited many spaces in Boston, Chicago, Stanford, California, Las Vegas, New York City, and others.

The spaces now available on and adjacent to campus include:

Launch Chapel Hill – Opened May 2013

Type: Student, faculty, alumni, community; edge of campus.

Capacity: Approx. 12-15 ventures (depending on size of teams).

Funding: Three-year co-investment from Chancellor's Office (\$300K), Town of Chapel Hill (\$150K), Orange County (\$150K) and the Becker Family (\$300K). In-kind donations from Triangle Office Equipment and 3 Birds Marketing.

Benefits: Bridges gap in support for recent UNC alums; keeps them in the Chapel Hill community. Great for town/gown relationship.

Limitations: Capacity is limited and space is challenging for events. Lease ends in December 2015.

KickStart Labs Faculty Entrepreneurs Office and Wet Lab Space – Opened December 2012

Type: Faculty commercialization of scientific research.

Capacity: 2000 ft² office/meeting space; 4000 ft² lab with pre-established terms for faculty use, as well as clear conflict of interest terms, capacity to incubate 10-12 startups

Benefits: Proximity for faculty to go between their work and a startup in its earliest stages.

UNC has the ability to house startups on campus using a Facility Use Agreement (FUA) usually in the faculty founder's lab. FUAs have been a good stop-gap solution but have drawbacks including: (a) poor oversight and management (b) poor optics, and (c) no interactions and synergies between companies. Dedicated incubation space addresses these challenges.

Funding: Carolina KickStart

Limitations: Control of the space in the Genome Science Building transfers from SOM to College of Arts and Sciences in February 2015. All indications are that the KickStart Labs will need to move. No appropriate future space has been identified.

Campus Y CUBE Social Innovation Incubator – Opened December 2012

Type: Student, faculty startups that are non-scientific commercial, social, or artistic.

Capacity: 6 ventures plus ability to host workshops and events.

Funding: Investment from Chancellor's I&E Office for staff position; private fundraising for remainder.

Benefits: Supports the campus-wide social innovation and public service community. Provides entrepreneurial skill development, as well as space, through mentoring, workshops, and other co-curricular programs open to the campus.

Limitations: Programs and space are at capacity. Growth upside is high but without resources to capitalize.

1789 Venture Labs – Opened May 2013

Type: Student non-scientific commercial, social, artistic; edge of campus

Capacity: 40+ ventures currently working out of the space, plus ability to host workshops and events for up to 100 people.

Funding: Currently funded by alum Jim Kitchen with some University support through the CES.

Benefits: Popular space for entrepreneurs on Franklin Street; bridge to the community.

Limitations: Budget

Entrepreneurs Lounge CS (Computer Science)

Capacity: Meeting space for up to 15; no permanent workspace.

Benefits: Provides space for groups to meet around a common theme.

Limitations: Not a hackerspace (with equipment). No dedicated workspace for teams to use.

Kenan Institute Reading Room

Capacity: Meeting space for up to 3 teams of 4-6 people; no permanent workspace.

Benefits: Provides much needed co-working space at the Kenan Center.

Limitations: Space can only be used on a temporary basis; no dedicated space.

What We Have Learned — SPACE

For a dynamic, fully-functioning innovation ecosystem, UNC Chapel Hill needs a portfolio of spaces that serve faculty and students and are woven together to form an integrated whole. Executing a well-considered space plan is key to institutionalizing innovation and entrepreneurship on campus and ensuring that Carolina's efforts are world class, achieving impact on par with or exceeding other leading universities. Physical spaces present a thoughtful way to centralize some activities with nodes spread throughout the ecosystem, taking advantage of the benefits of diffusion while realizing the opportunities of integration. Programs on campus have bootstrapped through proof-of-concept and have proven the need for, and effectiveness of these spaces.

Remains To Be Done — SPACE

Recommendations

- Allocate adequate space for Applied Physical Sciences, Biomedical Engineering, and maker space: The Chancellor, Provost, Dean of Medicine and Dean of Arts and Sciences are addressing these needs and have made significant investments.

- Find permanent wet lab and office space on campus for faculty entrepreneurs and their spinouts. The need is immediate and urgent, with the current space at the Genome Sciences Building due to be vacated by February 2015.
- Create an Innovation Headquarters on central campus. Having such a physical location would present a strategic opportunity. It would serve as a front door for the campus where people can come for assistance, and donors could be inspired by a tangible reminder of the impact Carolina is having. The proposed Commercialization and Economic Development Office could also use this space for some of its activities.
- Build a world-class Downtown Innovation Center. A proposed downtown Chapel Hill Innovation Center (CHIC) would bridge the campus and community while becoming home to the already-successful accelerator, Launch Chapel Hill, and the popular 1789 Venture Lab. (With its current lease expiring in December 2015, Launch Chapel Hill is considering its options.) In addition to event and ideation space and a design center, CHIC would provide new spaces for growing companies that want to stay in Chapel Hill, including potentially those requiring wet lab space, as well as space for investors and professional service providers, and for strategically chosen industry partners such as the local Google office. The groups of people involved in creating Launch Chapel Hill and 1789 are actively engaged in conversations about CHIC.
- Investigate building a Life Science Innovation Center. There are several reasons to build an innovation center for the life sciences: 1) It will be a place where industry can interface with faculty and graduate students; 2) Commercialization staff can have offices near a large portion of the University's innovation portfolio; and 3) It will provide much-needed faculty access to wet-lab space, offices, and equipment as they remain full-time professors/researchers but also start a company. Once the Genome Sciences space is unavailable come February 2015, faculty startups will have no space on campus. New resources need to be available to all faculty, even if they are administered by an academic unit.

Regarding Carolina North:

The future of Carolina North is being discussed by others and will not be covered in this document.

Q: How can we leverage Carolina's global brand for maximum impact?

Actions To Date — GLOBAL BRAND

At the core of UNC Chapel Hill's innovation agenda is the desire to put the resources of the University to use in solving some of the most pressing challenges of our time – in North Carolina and globally.

The University leverages its global reach and distinguished reputation in a number of ways, such as to recruit and retain faculty, staff, and students and convene international leaders around complex issues. The brand helps position UNC faculty as leaders in setting strategic agendas with federal agencies and other policy and funding groups. The brand is important in securing strategic partnerships as well.

An outstanding example of global leverage is *Water in Our World*, UNC's first cross-campus theme. It has been co-led over the past three years by Jamie Bartram, director of the internationally-recognized Water Institute in the Gillings School of Global Public Health and Terry Rhodes, Senior Associate Dean for Fine Arts and Humanities in the College of Arts & Sciences, home to some of the nation's best programs in the arts and humanities. A key feature of the water theme was its breadth and ability to engage these disciplines as well as the sciences. It has advanced understanding of the issue, raised Carolina's already-strong global profile in water research, built relationships on campus as well as beyond, and led to developing new knowledge and solutions. The exceptional work of the Water Institute, together with the Institute for the Environment under the leadership of Larry Band, has drawn experts from around the world to its annual water conference, and has launched multidisciplinary efforts to solve issues of access to safe water, sanitation, and hygiene.

Another example of the University's global reach is related to advancing innovations in AIDS treatment and cure. One lab in this area is led by Dr. David Margolis and another by Dr. Myron Cohen. Through the Margolis Lab, UNC Chapel Hill is part of the international consortium CARE (Collaboratory of AIDS Researchers for Eradication of the disease), and discussions are under way to establish a UNC-led public-private partnership with key strategic partners to continue pushing towards a cure. Meanwhile, a world-renowned research team led by Dr. Cohen has shown that with the right type and time of delivery of antiretroviral treatments, sexual transmission of HIV-1 can be prevented. Dr. Cohen's work was recognized by *Science* magazine as the *Breakthrough of the Year* in 2011.

The Gillings School of Global Public Health put *global* in its name in 2008 although it had always had a global perspective. The School's new Gillings Global Gateway initiative is a way to make its world-renowned experts more accessible and engaged.

UNC Chapel Hill has also been building strategic international partnerships with schools such as National University of Singapore, King's College-London, Tsinghua University, Universidad San Francisco de Quito (which is instrumental to the Galapagos initiative) and others. When working on complex global issues, these institutions offer vital knowledge, resources, and access.

UNC Global has strengthened Carolina's strategic partnerships through internal and external efforts. On campus, UNC Global has established a Partnership Roundtable composed of delegates representing each of the University's existing and emerging partnerships, or areas of the world in which the University seeks to develop partnerships. Led by the University's chief international officer, the Roundtable has contributed to the support and extension of the partnership network. Externally, the Global Relations office within UNC Global has developed collaborations with the corresponding international offices at partner institutions.

The Kenan-Flagler Business School has had a multi-year global strategy. Innovation programs include GLOBE® (Global Opportunities in Business Education), which brings together three of the world's best business schools to provide undergraduate students a premier international business education. UNC Chapel Hill partners with the Chinese University of Hong Kong and the Copenhagen Business School to offer a unique, integrated global curriculum to prepare students

as future managers and business leaders. GLOBE Fellows are chosen upon application to the undergraduate Business program during the early fall of their sophomore year, and participate over 18 months during their junior and senior years. As a requisite part of the GLOBE program, students take coursework in entrepreneurship and private equity.

The Venture Capital Investment Competition (VCIC) turns the traditional business plan competition on its head by bringing in teams of students from around the world who want to try their hand at awarding investment dollars to worthy startups. Started by CES in 1997, this year's event drew teams from 66 schools representing 12 countries and three continents. The UNC Chapel Hill team made the finals in the competition for the 10th time, placing third overall behind first-place Columbia University and runner-up Colorado's Leeds School of Business.

For undergraduate students, UNC's global strategy executed through the Global Education Center has increased opportunities both to study abroad and to engage in community-based scholarship and service work around the world. The result is an increase in student-founded or recent alumni-founded global not-for-profits such as A Ban Against Neglect (which works to simultaneously address the issues of uneducated street girls and environmental waste in Ghana), Nourish International (working to eradicate hunger globally through a network of domestic campus organizations), and Carolina for Kibera (with the goal of alleviating poverty through community collaboration in this African ghetto).

What We Have Learned — GLOBAL BRAND

UNC Chapel Hill's global strategy has played a significant role in advancing a broad-reaching innovation agenda on campus. High-profile multidisciplinary efforts led by accomplished, well-regarded faculty are creating and moving innovative ideas forward. Initiatives like the cross-campus theme, as well as the work of institutes and centers that engage in multidisciplinary approaches to addressing complex challenges, need to be well-resourced and supported. Further, connecting students' global experiences to opportunities for creative problem solving in communities around the world contributes to their development of an innovative skillset and mindset that will serve them no matter what their future pursuits may be.

Remains to be done — GLOBAL BRAND

Recommendations

- The choice of *Water in our World* as the University's first cross-campus theme, three years ago, has proven successful on several fronts. Decide if there will be another cross-campus theme, or perhaps a series of smaller themes, that draws together the Carolina community to address major issues.
- Recruit top faculty and graduate students who are globally oriented and have a strong translational bias.
- Leverage the power of Carolina's alumni and families to grow a global innovation ecosystem.
- Explore the idea of regional hubs and how they might support the innovation agenda.

C. EXTERNAL ENGAGEMENT

Q: How can we engage industry partners in building a strong innovation ecosystem?

CONTEXT

This is a multifaceted issue, as industrial firms and universities can and do interact with each other in a variety of ways. Areas of mutual interest include: research and technology development, workforce development, and the strength of the regional ecosystem (for new startups as well as existing firms). Each area holds the potential for deeper collaboration and each will be addressed separately. The goal for UNC Chapel Hill is to actively and strategically engage with industry in an integrated as well as diffused manner to increase the volume, type, and degree of positive benefits for all concerned.

Regarding research, technology development, and industry relations generally:

Actions To Date — INDUSTRY RELATIONS

The Roadmap called for a more strategic, coordinated, and deliberate approach to engaging with industry partners in all of the areas mentioned above. While units across campus have good relations with industry related to their disciplines (RENCI, the Business School, School of Pharmacy, School of Medicine, etc.), there remains an acute need for a coordinated, high-level University approach to this area. Discussions of how to increase collaboration with industry have been ongoing, involving internal and external stakeholders, and culminated with the UNC Chapel Hill Industry Task Force study released in 2013 that focused on increasing knowledge transfer between the University and industry. It stated:

The goal of improving university-industry partnerships is not unique to UNC Chapel Hill. In fact, it is central to recommendations made in the just-released National Academy of Sciences report, *Research Universities and the Future of America*, which calls for “the relationship between business and higher education...[to] evolve into more of a peer-to-peer nature, stressing collaboration in areas of joint interest rather than the traditional customer-supplier relationship in which business procures graduates and intellectual property from universities (p. 92).”

Specifically, the Task Force cited the need for central strategic integration to enhance UNC Chapel Hill’s industry relationships by coordinating them across the areas of philanthropy, sponsored research, commercialization, and clinical trials. Further, the Task Force report called for streamlined processes and accounting procedures, and for finding ways to make it easier for industry to engage with the University through central contact points.

Plans for the proposed Office of Commercialization and Economic Development are in harmony with plans from the Offices of Research and of Development for strengthening university-industry collaborations. These three groups will work together to strategically advance all aspects of university-industry collaborations working closely with units and will finalize a definition of their interconnected roles and responsibilities.

Recently, the Office of Research took several steps to streamline procedures and make it easier for industry to work with the University. One example is the creation of the new Office of Industry Contracting (OIC), which will consolidate back-office support for such contracting. This office re-organizes contracting work that the Office of Sponsored Research (OSR) and the Office of Clinical Trials (OCT) have been doing for more than a decade. The OIC will have responsibility for reviewing and executing all sponsored research proposals and agreements with private industry. The Office of Technology Development will continue to be the contact point for industry licensing of intellectual property.

And, in a parallel development, the Development Office has made increased industry funding an objective of its new campaign strategy. Judging from the experience of other universities, most of this funding will be for research. Benchmarking of peer institutions demonstrates that there is an opportunity to increase industry funding as a source of the University's R&D funding, as well as to engage with industry donors to build new innovation spaces.

The proposed Office of Commercialization and Economic Development will include a director-level position focused on developing external strategic partnerships in several categories, one being industry relationships. This Office will have a particular focus on engaging industry and other partners in the full process of moving ideas to implementation.

What We Have Learned — INDUSTRY RELATIONS

The topic of *industry relations* is broad and touches nearly every part of the University. Just as UNC Chapel Hill is a large, complex organization with both central and distributed leadership, many industry partners are large multinationals in which different units and people are focused on various functions. Think of how GlaxoSmithKline has an ongoing need to build its product portfolio through R&D, which makes various parties at the company interested in university research and intellectual property development. Meanwhile, all Glaxo units (not just R&D) hire university graduates; conversely the University and its spinouts hire former Glaxo employees. The company's corporate foundation has a wide breadth of interests, and Glaxo has a local presence in RTP. Optimizing the complexities of such a relationship is a challenge, and one we are eager to address.

It is not feasible that all activities fall within a central office, as illustrated by the difference in mission and goals between Career Services and technology licensing. Indeed, some schools have invested in personnel to help develop partnerships with industry and to grow the industry-supported research portfolio, e.g., the School of Medicine and the Eshelman School of Pharmacy. The Office of Research, the Development Office, and the planned Commercialization and Economic Development Office will come to agreement about how each will help share a comprehensive plan and align with that plan to improve results.

Remains To Be Done — INDUSTRY RELATIONS

Recommendations

- In the next few months, the Offices of Research, Development, and the proposed Commercialization and Economic Development Office will work with the Chancellor and

Provost, Career Services, deans and others to develop a common shared plan for UNC Chapel Hill's collaborations with industry.

- Better coordinate within the University.
- Pursue (and, where necessary, expand) efforts to align University policies and procedures with industry practices and expectations.
- Communicate to industry that UNC Chapel Hill is actively seeking partnerships.
- Make it easy for industry to know how to enter the University's "front door," and smooth the way for industry partners to work with us.

Regarding the regional ecosystem:

Actions To Date — REGIONAL

The Innovation and Impact Committee heard from Bob Geolas, President and CEO of the Research Triangle Foundation, about the current vision for reinventing the Research Triangle Park. This includes engaging with industry in new ways especially by connecting to the entrepreneurial community. UNC Chapel Hill leaders serve on the RTP board and on the board of the Triangle Universities Center for Advanced Studies Inc. (TUCASI). In those roles they are deeply involved with planning for the future of the region and aligning UNC Chapel Hill's goals.

Various members of the University community are engaged with local industry. The National Consortium of Data Sciences, created by RENCi Director, Stan Ahalt, brings together leaders in academia, industry, and government to address the data challenges of the 21st century. The Triangle Region is ripe with opportunities, and there are many examples of fruitful partnerships. Most are forged on a case-by-case basis and thus difficult to discuss from a comprehensive view. For instance, Career Services actively engages corporate partners in the work of the University beyond job placement activities. The School of Medicine and SAS entered into a multi-year collaboration to develop analytics-driven population health management capabilities to help providers personalize care for patients with type 2 diabetes. Other partnerships abound.

What We Have Learned — REGIONAL

The University is fortunate to have such high-level industry located in the RTP and the surrounding region. While the University units and faculty with the help of the Development Office's Corporate and Foundation Relations Division engage in important regional partnerships, there is much more opportunity than we have capitalized on thus far.

Remains To Be Done — REGIONAL

Recommendations

Create a comprehensive strategy for maximizing local industry-university partnerships. The Offices of Development, Research, proposed Commercialization and Economic Development, Career Services, and unit representatives will need to work together on the plans and their execution.

Regarding workforce development:

Actions To Date — WORKFORCE

Thousands of UNC students are graduating with entrepreneurial skills and mindsets developed through experiential learning that includes ideation, design, and the entrepreneurial process. Additionally, the professional schools and Graduate School continue to look at ways to foster innovative thinking and practices through their curriculum and training. Examples include the joint MBA/MD program between the Business School and the School of Medicine, and early immersion and flipped classroom techniques for first-year students in the School of Pharmacy and increasingly in the College of Arts & Sciences.

Another fundamental skill for innovative students is proficiency in data and computational skills. The Faculty Working Group on Data Studies called for all UNC Chapel Hill students to graduate data literate. Its report released in April 2014 stated:

Data literacy has become essential to research and scholarship, to learning at all levels, to translational endeavors, and to future student career success. In fields from healthcare to the humanities; the acquisition, management, analysis, and use of data has become a required skillset for college graduates. Further, because Carolina is committed to having its faculty and students see the world broadly and think critically and multi-dimensionally, data literacy should be embedded in an understanding of the influence of data on individuals and society. This contextualization of data includes examining such areas as the effects of data proliferation on social constructs, communication, privacy, security, and ethical considerations.

What We Have Learned — WORKFORCE

Innovation occurs at the intersections of diverse disciplines, experiences and knowledge. A prepared workforce today requires an innovative skillset and mindset that needs to be both formally taught in the classroom and informally learned through opportunities to imagine, design, build and grow ideas outside of the classroom. UNC schools, departments and programs are inventing and re-inventing ways to foster these opportunities but could benefit from more direct engagement with industry partners to better understand their needs and develop deeper collaborations.

Recent studies at the national level show that most PhDs and postdocs will need to pursue alternate career paths to academia. There is an opportunity for UNC to lead in developing new programs to prepare PhD students and postdocs for alternative career tracks.

Remains To Be Done — WORKFORCE

Recommendations

- UNC Chapel Hill has an opportunity to partner with industry and to gain synergies by better understanding workforce needs across industry sectors. University-industry relations should include mechanisms for engaging external stakeholders in the development of ways to ensure that our graduates have critical skillsets, which will vary by discipline but also include core strengths in areas such as data and innovation processes.

- Develop alternative career tracks for PhDs, including working in faculty spinouts and/or starting their own ventures. Strengthening this area will give the University a platform to better understand statewide needs and develop new strategies for addressing them.
- As UNC Chapel Hill forms its economic development strategy, there will be opportunities to leverage engagements with the nine regional economic development partnerships in the state and NC Business Development in the Department of Commerce.

Q: How can we form a strong regional infrastructure of support for our innovation agenda in the Triangle?

CONTEXT

Over the past several years a growing Triangle-wide innovation and entrepreneurship ecosystem has emerged. This is partly the result of increased focus on I&E at the region's research universities as they develop and execute their own agendas, as Carolina is doing. It is also a response to a statewide emphasis on growing an innovation economy, and to the needs of a local startup community that has increased in size and scope.

Actions To Date — REGIONAL

UNC Chapel Hill is helping lead and shape a regional agenda to spur innovative new companies, fuel the state's economy, take advantage of strengths at each of the region's research institutions through new collaborations, and provide a pipeline of potential ideas and technologies to the existing corporate community. University leaders are regular speakers, serve on boards and steering committees for Triangle funders and organizations that support innovation and entrepreneurship, and participate in task forces and think tanks about the regional ecosystem.

The University has led several programs to bring more resources to the regional ecosystem while fast-tracking UNC-born companies. The Blackstone Entrepreneurs Network was created by UNC Chapel Hill and involves the area's most experienced entrepreneurs in identifying and mentoring high-growth-potential companies from our own campus, Duke, NC Central and NC State, as well as in the broader community. The Network is run from UNC Chapel Hill and the University has received additional support from the funder for a national replication program. The first replication site in Denver opened this past spring.

The Kenan Institute of Private Enterprise led a joint proposal with Duke, NC State, and NC Central to become an NSF I-Corps (Innovation-Corps) node. I-Corps is a National Science Foundation initiative to increase the economic impact of NSF-funded basic research. In collaboration with the National Collegiate Inventors and Innovators Alliance (NCIIA), NSF offers select participants from U.S. academic laboratories training in a special, accelerated version of Stanford University's Lean LaunchPad course. Although the award went to another region, that stimulus has led to the coalition working on other ideas together. (The first for this group was Blackstone).

University leaders served on the Innovate Raleigh design team, which resulted in the launch of HQ Raleigh, an Entrepreneurs House, and continue to be involved in other regional venues for supporting entrepreneurs. Durham's American Underground is also working with UNC Chapel Hill leaders to bring an American Underground startup co-working space to Chapel Hill. UNC Chapel Hill is providing market landscape and patent analysis to Duke in exchange for services from the startup ventures clinic in Duke's law school.

The University regularly collaborates with support programs and startup incubators and accelerators, and co-sponsors events ranging from startup weekends to hackathons to major conferences across the state.

What We Have Learned — REGIONAL

Generally there is widespread belief that this region has the potential to be one of the country's top five entrepreneurial hotspots. Some building blocks are in place to reach that goal. Each university and city has its own entrepreneurship initiatives.

Yet, the region underperforms in several ways, one of them being the amount of venture capital invested. What is missing? Is it lack of capital, or a lack of investable deals (i.e. promising startups) that would draw capital here? Is it both? If outside capital is invested, will startups have to leave the region? All of these present challenges, but investable deals are at the core of the issue. This has significant ramifications for UNC Chapel Hill. The University wants to create such investable deals by developing commercializable IP, but very early grant money is needed for development to de-risk ideas enough to make them attractive to equity investors.

By working together locally, with partners throughout the state, by being connected via a few strong regional hubs, and by recruiting talent and investment dollars outside of the region, The Triangle can become a dynamic entrepreneurial hotspot.

Remains To Be Done — REGIONAL

Recommendations

- Continue to build on established relationships with NC State, Duke and NC Central and identify specific opportunities for multi-institution collaboration on projects related to innovation and entrepreneurship.
- Develop Blackstone 2.0, taking the Blackstone Entrepreneurs Network to the next level.
- As noted elsewhere in this memo, the University needs to invest in end-to-end support for commercializing IP from faculty research. Not only would this stimulate startups and venture investment within the region, it is crucial for increasing impact generally.
- Accelerate involvement of potential investors early in the idea development stage.
- Communicate and engage more effectively with alumni who can help with these goals.

Q: How can we build and maintain an innovation ecosystem that supports both broad and deep engagement with the state?

CONTEXT

UNC Chapel Hill has contributed to the economic and social well-being of North Carolina citizens through a long commitment of service, putting its vast resources and expertise to use for the State. The Board heard a report on the direct economic value that comes from the research enterprise alone. (Its \$800M per year in federal research funding creates the equivalent of 4,000+ full-time jobs, with average salaries of \$75,000 and a North Carolina-based payroll of \$300M annually. It does business with 1,100 North Carolina vendors and has created over 80 spinout companies.) Schools and units across campus work in different ways to fulfill their service missions, while also exploring ways to collaborate and engage with the State to bring innovations to bear. The University's centers and institutes often have very applied agendas and contribute to advancing innovations for the public good. The response to this question will focus on being more collectively strategic in serving North Carolina in broad and deep ways.

Actions To Date — ENGAGEMENT WITH THE STATE

Through student-service learning opportunities, UNC Chapel Hill students connect with North Carolina communities and learn methodologies for identifying a problem, working on community-informed solutions, and implementing new ideas. Through community-engaged research, Carolina faculty address the concerns of citizens across the state. For example:

- The UNC Chapel Hill Center for Public Service has long served as an engagement arm for the campus, supporting faculty who do applied work in communities across North Carolina. CPS has added ways to help faculty take innovative approaches in their community-engaged scholarship, and has been an active partner in advancing a University-wide innovation agenda.
- The School of Government has deep and widespread relationships in all 100 North Carolina counties, and has worked for many years to help develop the capacities of local and county governments, as well as the state's elected officials.
- UNC Health Care brings tremendous benefit to North Carolinians by extending its reach into communities statewide, and providing services at no cost through free clinics in the neediest parts of the state. UNC Health Care and the UNC School of Medicine recently partnered to launch Innovate Health Care@Carolina, a center to support adoption of disruptive innovations in the delivery and financing of health care. The focus is on ideas that are "patient centered and increase value with improved health outcomes and lower costs." Further, since 2006, UNC Chapel Hill has played a leadership role in the North Carolina Healthcare Quality Alliance (NCHQA), a statewide collaboration for using evidence-based strategies to improve the quality of care in practices across the state. Through the UNC North Carolina Area Health Education Centers (AHEC) program, the Alliance is able to fully integrate quality improvement into its support services, and help practices implement technology for that purpose. North Carolina is the only state in which health care quality improvement goals and health information technology support are seamlessly integrated.
- The Institute for the Environment works with policy makers and experts across the state, and with leaders of UNC's world-renowned environmental sciences community, in developing

solutions to the critical challenges North Carolina faces. In doing so, it educates future environmental leaders and engages with the people of North Carolina and the nation to address environmental challenges.

- The Kenan-Flagler Business School's STAR program and NC Center for Strategic Economic Growth engage students with impressively strong results. The reputation of these programs is touted at legislative, regional, and local business levels.

These are just a few examples. As noted earlier, UNC Chapel Hill is also active in creating and leading a development agenda for the Triangle region to spur new companies, fuel the state's economy, take advantage of strengths at each of the area's research institutions through new collaborations, and provide a pipeline of new ideas and technologies to the existing corporate community.

What We Have Learned — ENGAGEMENT WITH THE STATE

Across many fronts, UNC Chapel Hill is deeply engaged with public- and private-sector leaders and experts in finding better solutions to the most pressing challenges faced by North Carolina. Since this work is led largely within schools and units of the University, it has been challenging to articulate to State leadership a comprehensive view of how UNC Chapel Hill is applying its innovation agenda to benefit North Carolina. Indeed, few people in any capacity know about the full extent of the University's statewide collaborations or the impacts that these efforts are having.

Remains To Be Done — ENGAGEMENT WITH THE STATE

Recommendations

- Enhance the benefits that the University provides to the state, and raise the perception of them through more effective communication.
- Create an economic development strategy in the proposed Office of Commercialization and Economic Development. This office will coordinate with senior leaders at UNC Chapel Hill to help build the innovation ecosystem. It will also play a key role in developing and articulating new strategies to work with (and for) people across the state. In every sense, it will raise the profile of UNC Chapel Hill as an engaged collaborator in building the State's future.
- Develop a data-driven strategy and approach to understand the true impact of UNC Chapel Hill and the UNC system on North Carolina.
- Create a dashboard to communicate Carolina's impact.

D.FUNDING

Q: How will we adequately fund our research and its application, in light of declining federal and state dollars?

CONTEXT

Even though federal and state funding for research has been declining in recent years, Carolina continues to compete well. Total funding for FY14 was \$793 million, up from \$778 million in FY13, despite the sequester and federal shutdown. Without much prospect for improvement in federal and state funding of research in the near term, continued growth will require a more diversified approach, including funding from industry.

Actions To Date — FUNDING RESEARCH

The University continually seeks alternative funding sources from industry, philanthropies, and individual donors. The Office of Research has invested in improved support for industry-funded clinical trials, supported an innovative collaboration with Eastman Chemical based in the Chemistry Department, waived F&A on Phase I SBIR/STTR grants involving our own spinouts, and is now in the process of creating a new Office of Industry Contracting, that will consolidate back office support for these activities. The Vice Chancellor for Development is setting ambitious goals for support from industry, philanthropies, and individual donors as part of the new campaign. Development and Research are finalizing new policy and procedures that will enable them to partner even more effectively on private fund raising for research.

What We Have Learned — FUNDING RESEARCH

Federal funding dollars are consolidating to a few top universities and Carolina is positioned in this group. The only way to stay in the top category is by hiring and retaining top faculty and recruiting outstanding students at all levels. To be maximally successful, faculty and students need state-of-the-art buildings and equipment. With State support declining, alternative funds are needed to recruit and retain world-class faculty and refresh the innovation infrastructure that supports their work.

Remains To Be Done — FUNDING RESEARCH

Recommendations

- Continue to support researchers as they seek research funding.
- Continue developing a comprehensive, diversified campaign with innovation and impact as top priorities.
- Become more engaged with venture philanthropy.

Q: How can we engage the venture community in support of new ventures?

CONTEXT

Funding new ventures is one part of the equation, but Carolina has to also figure out how to fund the development process that leads to strong IP for a license. This answer addresses the full funding cycle.

The University's approach to developing licensable IP is informed by the classic venture capital approach, which supplies not only milestone-driven financial resources but also expertise in the venture/commercialization process, specific domain expertise, and access to a wide network of specialized talent and advisors.

The commercialization process requires different types of funding at different stages to help de-risk the technology and develop it into a viable product. Funding comes in many forms, from technology development grants to industry funding, angel capital, and/or venture capital. Funding is needed first to demonstrate proof of concept or validate the discovery, increasing its attractiveness for either launching a startup or licensing to an established firm. In the case of a startup company, funding needs to continue as the technology is developed into a marketable product. The University recognizes funding gaps that exist in bringing technologies to market: 1) technology development funding within the University, 2) bridge funding between Phase I and II of SBIR grants, and 3) early-stage seed funding which is increasingly needed as angel- and venture-capital investors take a more risk-averse approach. All combine to create a major gap early in the process:



Actions To Date — VENTURE FUNDING

The University funds commercialization activity in various ways. One of the first efforts was the KickStart Commercialization Awards (up to \$50k each), which target emerging and new companies licensing (or planning to license) UNC life science technologies. A more recent program is OTD's Technology Enhancement Grants. This program was started by the Office of Research but is now housed within the Office of Technology Development and complements the KickStart program, expanding eligibility to all kinds of faculty IP but focusing specifically on unlicensed technologies (up to \$30K each). The TraCS 4D pilot program is the newest entrant into this field. For early-stage companies needing funds for feasibility studies, the University supports their SBIR grant applications and works closely with the local SBTDC. Carolina KickStart engages

several SBIR consultants who work with companies to write and review grant proposals as well as conduct mock review panels. Recently, to help speed the development of early stage technologies, the Vice Chancellor for Research announced that indirect costs on Phase I SBIR/STTR awards would be waived.

To help maximize University assets, the Board of Trustees asked Administration to create a small evergreen investment fund. The Carolina Research Venture Fund, a \$2 million fund available for investments in UNC Chapel Hill spinout companies.

In March 2014, Sallie Shuping-Russell discussed the Carolina Research Venture Fund with the Innovation and Impact Committee. Her memo states:

The purpose of CRVF is two-fold: (1) a strategic purpose to maximize the research assets by getting them into the marketplace and (2) an investment purpose to get sufficient return on the investments which can be reinvested into the CRVF, making it an evergreen fund. Because of this two-fold mission – and because the initial funds will not come from the Investment Fund – the CRVF does not have to receive a “venture capital” level of return. Its return goal will be to generate return of capital and provide sufficient excess return to enable CRVF to become an evergreen fund.

In order to facilitate informed decisions about investable IP at Carolina, the CRVF will establish its own advisory board of venture capitalists. Further quoting from the memo:

In addition, CRVF will establish its own Venture Capital Advisory Committee (VCAC). This will comprise leading venture capitalists from across the country and within North Carolina. Examples from outside the region include partners or ex-partners from Kleiner Perkins Caulfield & Byers, Greylock, NEA, Polaris, Domain, Andreessen Horowitz, Sequoia, Trident and others. VCAC will provide strategic advice to the Board as needed. It will also discuss with the manager(s) the viability of potential companies and offer advice to address concerns which start-up companies face as they grow. VCAC will also offer a long-term vision for new markets that could underwrite larger impact investments. It is also hoped that these venture firms would provide additional follow-on capital as the UNC-based companies develop.

The Venture Capital Advisory Committee will be an important tangible connection to the venture capital community that can be further leveraged. External investors have been attracted during the past several years largely through entrepreneurship support programs sponsored by Carolina KickStart, UNC Kenan-Flagler’s Center for Entrepreneurial Studies, Kenan Institute of Private Enterprise, and the Blackstone Entrepreneurs Network. Additionally, some investments come from individual relationships formed by a handful of seasoned faculty entrepreneurs. Carolina KickStart has engaged with a number of venture capital firms to enhance commercialization. Interactions have ranged from informal meetings with faculty, to help assess the commercial potential of a technology, to formal presentations to the firms for investment. KickStart also has worked with the Office of Technology Development on recruiting professionals from outside the University to help inform decisions about patenting investments. The Blackstone Entrepreneurs Network engages with experienced entrepreneurs (many of whom are themselves investors), who use their networks of VCs and funders to make connections for the companies that they

mentor. Local investors also regularly attend University-sponsored pitch events for new firms, such as the Carolina Challenge (funded by a private investor, managed by UNC Kenan-Flagler's Center for Entrepreneurial Studies), and the Emerging Companies Showcase, which draws approximately 300 attendees and includes technology and life-science tracks.

Hatteras Discovery Fund is an early-stage arm of Hatteras Venture Partners. Due to the strong relationship between the University and the Partners and its geographic target area, HDF has looked at several startups and invested in G1 Therapeutics, and is doing due diligence on others. Through research led by faculty PI Ned Sharpless, G1 has developed a novel small-molecule-based method for preventing the hematological side effects of exposure to ionizing radiation and cancer chemotherapy. Not only did HDF invest dollars, the Partners built a board of seasoned professionals for G1, hired a top CEO, and continue to carefully guide the company. It is these types of relationships we seek.

Meanwhile, the University's Office of Technology Development plays a role in finding venture dollars using a more one-on-one relationship model. The role that OTD might play in a University strategy to enhance relationships with the venture community is under active discussion.

Engagement with the venture community for teaching and mentoring young entrepreneurs draws top investors from around the world to Carolina. Some are embedded in different parts of campus as Entrepreneurs-in-Residence. The Center for Entrepreneurial Studies' Global Venture Capital Investment Competition (VCIC) offers investors the opportunity to get involved with the nation's top business school students and network with fellow VCs while getting an early glimpse of some pre-screened investment opportunities, 25% of which raise venture capital after pitching at VCIC.

What We Have Learned — VENTURE FUNDING

Most often, university ideas in the life science space are too early-stage for venture capital to be the first money. This requires the University to have a strategy for moving ideas to commercialization with technical assistance and the appropriate funding for each segment of the journey.

The majority of UNC Chapel Hill faculty engaging in commercialization activities have little experience with this type of endeavor. There are notable exceptions, but most faculty lack the expertise, time, financial resources, and career incentives to be highly successful. To support these faculty, it is helpful to pair expertise with funding, but it is not necessary that they come from the same source. Depending on a number of factors, some faculty lead in commercializing their discoveries and some take a more passive role. For the latter, the University may be better served by the faculty member continuing the research that generated the ideas in the first place. Just as venture capitalists surround their investment with experts from a wide range of fields, the University needs to do likewise. This is happening ad hoc in various areas on campus, but with too few people and resources to fully maximize the opportunities that members of the Carolina community are creating.

The traditional pace of faculty receiving grant funds for technology development is too slow. Not only are funds scarce along the development pathway, but technology development funds such as from SBIR/STTR come in periodic cycles. The proposal and review process can provide helpful if stringent external feedback on ideas and plans to move forward. There can be gaps in productivity as faculty seek funding, submit proposals, and wait for awards. In the meantime, the commercialization activity is stalled. Faculty also need continuing guidance in applying funds for prototyping, to keep moving forward in technology development. Support is needed in identifying and selecting vendors, and with contracting and NDAs.

Universities are challenging environments for investors to navigate without dedicated guides. UNC Chapel Hill would benefit from a structure designed to cultivate relationships with investors and help them make connections to emerging technologies or ideas that may be of interest. The University's startup companies would benefit from more involvement of investors as they are exploring avenues for moving a technology forward. With an acute need for funding during the proof-of-concept phase, there is a role for the investment community to play in advancing University-born technologies, particularly those that fall outside the funding available through federal agencies such as NIH or NSF.

It will take several years to judge the CRVF performance, but we are hopeful this vehicle will provide needed dollars to a few high-performing companies and also create new connections to venture capitalists.

Remains To Be Done — VENTURE FUNDING

Recommendations

Create a comprehensive strategy to engage the venture community and fund the full development cycle. As currently envisioned, key components of the strategy would be:

- Expand and coordinate (or consolidate) the University's Technology Development Grant programs to fund proof-of-concept studies across all schools and disciplines and then into investment. Many university technologies never reach the marketplace because no commercial relevance has been demonstrated which would attract both people and funding. These technologies need proof-of-concept or validation studies showing whether they do, in fact, have potential for becoming products or solutions that users would buy. Funding for such studies is extremely difficult to acquire, as these activities are beyond the scope of typical federal research grants, but too risky for investors or industry partners to fund. The proposed grants will range from \$25K to \$75K and will be awarded to projects on a competitive basis. Project applications will be evaluated by a panel of industry-relevant experts. Beyond allocating funds, this panel will provide feedback to the OTD and the faculty member(s) as part of the review process.
- Create an SBIR Gap Fund. One of the greatest opportunities for unlocking university technologies is through Small Business Innovation Research (SBIR) grants if the timing issue can be addressed. Startups built around university innovations can seek SBIR funds to demonstrate feasibility (Phase I) and to develop the product (Phase II). However, many companies struggle because of the time gap of SBIR funding. A successful Phase I SBIR grant (usually of about \$250K) is followed by the submission and review of an application for a Phase II grant (about \$750K to \$1M). The time from completion of Phase I to the funding of Phase II can be 9

to 12 months. Many startups do not have the resources to continue to pay scientific staff or rent space during this period and waste valuable time waiting for the evaluation of the application. The proposed SBIR Gap Fund will bridge this gap for university startups. The funding will be on the order of \$100K to \$150K to help the company remain viable while it seeks additional funds. Stringent review will be critical to the wise investment of these funds.

- Connect to local VCs. The Blackstone Entrepreneurs Network was formed to activate connections among startups, successful entrepreneurs, and investors (or “dealmakers”). From University research on dealmakers, we know that North Carolina, and the Triangle region in particular, has investor activity that is not as maximized as it is in other locations due to a lack of connectivity. UNC Chapel Hill will need to intentionally build more ways of connecting local funders to University opportunities, including through local alumni.
- Connect to key hubs to create relationships with VCs and other constituents. Investment from outside North Carolina will be critical to UNC Chapel Hill’s ability to commercialize research and realize impact. Our undergraduate entrepreneurship programs and VCIC program for MBAs have established activities in Silicon Valley and New York City, exposing students to the investment communities in those hubs. However, the University needs to build more direct connections and opportunities for engaging investors from other regions with our most promising emerging companies. Additionally, alumni who are investors can be made aware of University IP and invited to provide advice. There have been discussions by some alumni about creating an alumni seed fund.
- Provide needed technical and administrative assistance. This strategy would include integrating startup services for faculty across the campus, including Carolina KickStart and the Concierge Service for Entrepreneurs, with leadership from the proposed Office of Commercialization and Economic Development (which would include OTD).
- Fully implement the Carolina Research Venture Fund.

Q: How does our innovation agenda relate to a University development campaign – and to other possible opportunities for funding?

Actions To Date — CAMPAIGN

The Development Office has been an integral partner in promoting the I&E agenda. It has worked in a unit-based approach to identify and secure funds for initiatives across campus. As the culture has strengthened, deans and senior leaders have supported fundraising specific to their individual areas. Senior Development leadership at the University has indicated support for innovation priorities in the next capital campaign. The Office of Corporate and Foundation Relations within Development has been particularly helpful in connecting faculty innovators and program staff to potential individual donors. Rather than creating a central innovation fund, development efforts targeted individual units and their programs.

What We Have Learned — CAMPAIGN

There are a potentially significant number of UNC Chapel Hill alumni yet to be engaged with this work. They include entrepreneurs, investors (some with particular interests in research and commercialization), and industry partners who are generally supportive of the University’s

innovation agenda. A coordinated effort from senior administration leaders is critical to maximizing the potential of these philanthropic prospects.

Lack of centralized funds to support the overall campus ecosystem building, fund experiments, and catalyze efforts is a significant limitation.

Remains To Be Done — CAMPAIGN

Recommendations

- As noted earlier in this report, assure that fundraising for innovation is a significant component of the next campaign.
- Work with Development and senior leaders (such as deans and directors) across campus to support their individual I&E fundraising goals.
- Explore various foundation models for supporting I&E work on university campuses.
- Continue conversations with alumni who have expressed interest in a venture philanthropy fund for the University.
- Create a central Innovation Fund.

E. LEARNING AND COMMUNICATING

Q: How can we continually learn from others while also leading in innovation and entrepreneurship?

CONTEXT

UNC Chapel Hill was one of only a handful of universities that intentionally chose to strengthen a culture of innovation and entrepreneurship in a systematic and holistic way. Arizona State University is another that took the same approach – and interestingly, both Arizona State and UNC Chapel Hill were Kauffman Campuses. Both became part of the Kauffman Foundation's learning community of 35 universities, led by the person who is now UNC Chapel Hill's Special Assistant to the Chancellor for Innovation & Entrepreneurship. Other universities are aware of UNC Chapel Hill's work and have used its approach as a model. Campus leaders are part of a community of universities that meet regularly and exchange ideas.

Actions To Date — LEARNING AND LEADING

During the 2010 planning process, teams made up of faculty and staff, students, and external constituents traveled to various places to learn and bring back best practices. They visited MIT, Stanford, the University of Florida, the University of Utah, New York City (for arts innovation) and other innovation hubs. Since that time, innovation leaders at UNC Chapel Hill have continually benchmarked I&E work on other campuses and in entrepreneurship ecosystems nationally and globally – again with the purpose of learning and adopting best practices. During the past several years, the Eshelman School of Pharmacy has brought in university commercialization leaders to speak with the campus community about best practices, as has OTD for its Innovation Seminars.

Members of the University are connected globally to entrepreneurship-education networks and commercialization organizations, and are international leaders themselves. One campus leader is an early member of a university-industry group and is documenting best practices for that organization. The experienced OTD staff stays abreast of the field of tech transfer and incorporates new methods when appropriate. UNC Chapel Hill leaders speak regularly at international conferences and attend to learn from others as well as host and talk with leaders from other campuses and countries.

A University of Pennsylvania program is the model for the New Enterprise Organization (NEO) program at Carolina. In some cases, the University only needs to provide advice and make the right connections to help campus innovators launch startups. Others need more support. The NEO program is designed to assist faculty members with very early-stage technology who do not wish to spend the massive amounts of time that starting a new venture may require. NEO provides a number of extra services to help form, launch, and grow the company: incorporation and documentation support, consultants for SBIR grant writing, an evaluation of the technology, and recruitment of the CEO.

UNC Chapel Hill led in establishing a standard easy IP license called the Carolina Express License. Its purpose is to greatly reduce the time and cost of processing technology licenses and thereby incentivize faculty and investors. OTD has executed 33 Carolina Express Licenses since 2010. The

University averaged 3 new companies per year in the several years before 2010 and now is averaging 5 to 7 per year, but this is not just the result of the Carolina Express License. It also reflects the support of Carolina KickStart in the School of Medicine and the Kenan Institute of Private Enterprise, and an improving economy. UNC has executed an additional 7 licenses for startups that were not Express Licenses during this same time period.

What We Have Learned — LEARNING AND LEADING

Faculty, staff, and students at UNC Chapel Hill are highly involved in entrepreneurship and innovation. Several people on our campus are global academic leaders in these fields.

Every major university works hard at commercialization and revisits the models that it uses. At some universities, separate entities like the Wisconsin Alumni Research Foundation have been formed to more effectively bridge the academic world and the marketplace. WARF's website states:

The Wisconsin Alumni Research Foundation (WARF) is the private, nonprofit patent and licensing organization for the University of Wisconsin–Madison, one of the world's great research universities. WARF was founded in 1925 and is a pioneer and innovator among university-based technology transfer offices. WARF's mission is to support, aid and encourage UW–Madison research by protecting its discoveries and licensing them to commercial partners for beneficial use in the real world.

Many models for catalyzing, funding and supporting innovation programs are available to provide continuous learning opportunities for UNC Chapel Hill as it advances an innovation agenda.

Remains To Be Done — LEARNING AND LEADING

Recommendations

- After studying many commercialization operations, UNC Chapel Hill leaders stepped back to ask an intriguing question: How would the University commercialize IP if it were the first ever to attempt this type of function? The conversation was between experts on campus and those outside. Once the leaders settled on an approach, they again sought feedback from a wide audience to test assumptions and make modifications. The result is the proposed Office of Commercialization and Economic Development, which will give the University the opportunity to implement the new approach in an iterative process – taking steps, testing those steps and the assumptions behind them, making corrections, and then moving forward. Leaders will continue to call upon their wide network of external expert practitioners as well as the University's own experts to develop improved practices that can inform the field.
- To fully realize the potential of the University's innovation ecosystem, individual I&E spaces, programs, and curricular activities need the resources to adopt best practices and apply lessons learned.
- UNC Chapel Hill needs to carefully consider the pros and cons of a closely held separate structure for certain innovation activities.

Q: What communication strategies are needed to bring the University community and the public on board with our innovation agenda – and to tell the story of impact?

CONTEXT

Effective communications about innovation and entrepreneurship serve a number of ends. They demonstrate the University's commitment to advancing the public good, reinforce its reputation for fostering creativity and discovery, encourage people to become involved, and illustrate the University's impact on the community, state, and beyond.

Actions To Date — COMMUNICATION

The Communication Office, Chancellor's Office of I&E, Office of Research, and the distributed communicators' network serving campus units all contribute to communicating the work and the impact of the innovation ecosystem. The Vice Chancellor of Communication is developing a campus-wide communication strategy, and since two key themes of the University are innovation and impact, his team will work with campus communicators on better delivering key messages. They already are working on getting more stories about innovative people at our campus.

The Office of Innovation & Entrepreneurship is a central catalyst that serves as a hub of communications about a wide range of related on- and off-campus activities. The University's innovation and entrepreneurship vision has been communicated to key audience segments by multiple means. Channels of communicating have included standard platforms (web, e-newsletters, social media) plus staff have made numerous presentations on- and off- campus, locally and nationally, including serving on the Governor's Innovation-to-Jobs Task Force. The I&E website serves as a central portal and can be found at innovate.unc.edu.

The Office of Research Communication focuses on faculty research, their stories, and the impact of their work. A new Director was just recruited who brings a decade of experience in science and research communications at NASA to assist in the development and execution of a communication strategy for UNC's research enterprise. The *Endeavors* online magazine is a popular resource available at endeavors.unc.edu.

What We Have Learned — COMMUNICATION

Several conversations with the Board Committee on Innovation and Impact have centered around the frustration of not effectively communicating the impressive work being done at UNC Chapel Hill and its impacts on the citizens of North Carolina and beyond. A broad communications strategy for innovation needs to be an essential component of the University's overall strategy, and also integrated with targeted strategies for specific key stakeholders.

Our story is one and many. The overarching story is about the innovation vision and mission, and how the ecosystem makes it possible to achieve real-world goals. This is an important message to communicate as it encourages people to join the University community and to support the work. It also positions UNC Chapel Hill as a leader in taking a holistic approach to innovation and entrepreneurship.

The many stories of how people at UNC Chapel Hill are impacting the world are told through the University website, news releases, and social media. Unit communication teams have their own websites, news operations, and media to target various audiences. Many produce high quality print pieces, conduct conferences, and have faculty, students, and staff representing them at international symposia. All of these communication efforts need to be not only continued, but organized in ways that are targeted to key audiences.

It is challenging to mount a broad and consistent overall effort in communicating the University's innovation work. Resources have been limited, and there are many other messages that the University needs to deliver. Having clarity at the leadership level about vision and goals is helping to reinforce the communication efforts, and will make it easier to help schools and units deliver innovation messages from their perspectives. Having a vice chancellor of communications and the resources for him to create a strong team clearly addresses this challenge.

Remains To Be Done — COMMUNICATION

Recommendations

Under the direction of the Vice Chancellor for Communications, a new communications team and structure (Carolina Compass) brings the opportunity for added resources, direction and collaboration around innovation communications. Some areas for action include:

- Formalize a system for effectively gathering and pooling information (content) on innovation and entrepreneurship activities at UNC Chapel Hill. This will require having a network of campus communicators team up with the central communications office.
- Create portals and pathways for faculty, students, and external audiences to learn about innovation and entrepreneurship programs specific to their needs, so they can find help quickly and easily. This work would be executed through the I&E Office.
- Create a national strategy for raising UNC Chapel Hill's profile as a thought leader in this area through key story placements, rankings, etc.
- Provide resources, tools, and guidance to stakeholders, e.g., faculty, staff, student innovation groups and working group members – so that they, in turn, can communicate consistently with audiences.
- Create an easy-to-understand dashboard of the University's economic impact on the State of North Carolina. This should include the direct impact of research, commercialization statistics, and other direct economic benefits.
- Develop and execute investor- and industry-specific communication strategies.
- Develop and execute alumni-specific communication strategies.
- Develop and execute a communication strategy for other key stakeholders.

Identifying Diversity Issues in the Graduate and Professional Student Population

A Plan for Action

Plan Authors: Cassandra Hartblay and JP Balmonte, GPSF Diversity Co-chairs
Date: April 13, 2014

graddiversitysummit.web.unc.edu

An initiative of the Graduate and Professional Students Federation

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Objectives:

1. To launch a campus-wide conversation about diversity issues affecting Graduate and Professional students at UNC-CH.
2. To plan and host the first ever Graduate and Professional Student Diversity Summit and Workshop in September 2014.
3. To conduct a fact-finding dialogue that will help the campus community, including GPSF, the Office of Diversity and Multicultural Affairs, the LGBTQ Center, and others, to identify areas of need that are affecting the graduate and professional student communities, with an eye to future action.
3. To identify 1-2 diversity advocates (or mentors/allies) in each graduate program or department (self-nominated student representatives), who will act as a point person for launching departmental conversations about diversity, and referring students in their department to appropriate campus-wide resources as necessary.
4. To encourage the administrative bodies of UNC-CH to attend to the unique needs of graduate students, whose professional status as both/neither students, instructors, and professionals, as well as their life stage, requires a different approach from diversity issues affecting undergraduate students or faculty/staff university employees.
5. To foster a culture that prioritizes supporting campus-wide diversity in the institutions of the Graduate and Professional Student Federation at UNC-CH.

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Contacts/Partners/Planning Committee:

Graduate and Professional Student Federation:

GPSF President: Shelby Dawkins-Law (2014-2015)

GPSF President Emirtus: Kiran Bhardwaj (2013-2014)

GPSF Chief of Staff: Marissa Cann (2014-2015) and Dylan Glatt (2013-2014)

GPSF Secretary: Kyle Reeves (2014-2015)

GPSF TA/RA Advocate: Taylor Livingston and Matthew Haynesand (2014-2015) and Shelby Dawkins-Law (2013-2014)

GPSF International Student Advocate: Upoma Guha (2014-2015) and Bonnie Wang (2013-2014)

GPSF Student Family Advocate: Lindsey Wallace (2014-2015)

GPSF Safety Advocate: Steven Otto (2014-2015) and Katie Akin (2013-2014)

Graduate School: Leslie Lerea, Kacey Hammel and Kathy Wood

Diversity and Multicultural Affairs: Sharbari Dey

LGBTQ Center: Terri Phoenix, Kristina Wharton

Accessibility Services: Tiffany Bailey

Office of the Dean of Students: Desiree Riekenberg, Dawna Jones

Graduate Student Planning Committee:

Stevie Larson, Geography

Melissa Senior, School of Education

Amanda Keeler, School of Pharmacy

Kristina Wharton, Maternal and Child Health

Sri Kalyanaraman, Biostatistics

Sara Juengst, Anthropology

Bud Harrelson, School of Education

Kristina Wharton, School of Public Health (MCH)

Jami Powell, Anthropology

Ebony McDonald, SILS

Emily Liner, Kenan-Flager Business

Julianne Stern, MBA and MCRP

Sertanya Reddy, Geography

Lauren Townsend, Philosophy

Lindsay Brainard, Philosophy

Nate Creger, MBA/JD

Katherine Walker, English and Comparative Literature

Birnettiah Killens, MSW

Samantha (Pixie) Piskiewicz, Biological and Biomedical Sciences Program

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What Are Diversity Issues?

Diversity is an adjective that is used to describe the multiplicity of individual differences within a community. However, while differences may exist without attendant problems of inequality, when we say diversity, we frequently are referring to the kinds of differences that are marked by histories of oppression and privilege, so that some kinds of difference are valued over others, or members of certain groups receive benefits of historical or institutionalized biases by virtue of their group identity, that is, privilege (Adams et al, 2013). A thriving community supports diversity, and harnesses the heterogeneity of its members to support innovation, learning, and excellence. A community that fails to address the difficulties of communicating across internal diversity misses opportunities for innovation, and can re-entrench negative social forces including racism, homophobia, sexism, religious oppression, ableism, cisgenderism, and classism.

Diversity Issues are problems or potential problems that arise within a community when community members encounter difficulty working together due to institutional hurdles to support the multiplicity of human difference or the personal prejudices (conscious or subconscious) of community members.

For example, graduate students working as teaching assistants may not be consulted regarding the scheduling of an exam that they are expected to grade. If the grading falls during a religious holiday that the supervisor (the professor) is not aware of, a graduate student may feel powerless to speak up and point out that this work will interrupt his religious practice, which he feels is being made invisible. Another TA for the same class may be frustrated because she has to work ahead of time to arrange a way to grade exams or redistribute the work of grading given her disability; and, even when she works to ensure that reasonable accommodations are made, she knows that her fellow TAs talk about her behind her back. A third may be struggling with whether or not to disclose her veteran status to her colleagues for fear of stigma.

Or, a professional student may feel that colleagues of a particular gender are being offered more opportunities for internships; another student in the same program may see it differently - that students who perform traditional gender roles (e.g. present themselves in social situations as especially masculine, or especially feminine in accordance with their gender) get preferential treatment over students who do not dress or act strictly according to their gender.

Or, a PhD student who is raising a family may be frustrated that opportunities to get involved with campus life mostly require evening commitments when he is required to be at home in order to relieve his spouse of childcare duties. He may also feel frustrated that student fees are charged to him each semester in order to support campus life activities that mostly pertain to undergraduates. He may feel frustrated because he wants to make a difference in the way that African American graduate

students are welcomed to campus, but does not see any opportunities available to realistically do so.

These examples are an approximation of the types of Diversity Issues that may be affecting graduate and professional students at UNC-CH. More information is needed to get the full picture; this project seeks to launch a campus wide conversation to solicit these kinds of stories, spur dialogue, and foster appropriate responses.

Why Are Graduate and Professional Students a Unique Population at Carolina?

Graduate and Professional Students (GPS) are a unique population. They are a self-selecting cohort of dedicated scholars and professionals seeking to further their careers and the good of society. By pursuing graduate-level education, graduate students put themselves in the position of returning to the student role during a life stage when many peers are already in the work force. This means that many GPS arrive at UNC-CH as professional adults with broad life experience that makes them very different from undergraduate students. Additionally, many graduate and professional students are starting or raising families concurrently with their enrollment at UNC-CH. As a research university, UNC-CH attracts GPS from across the country and around the world, meaning that the graduate student population at UNC-CH represents a wide array of cultural, linguistic, and academic backgrounds.

Graduate and Professional students are different from undergraduate students and from faculty/staff. On the one hand, they are also students - they take courses, pay tuition, and work for grades and recommendations. On the other hand, they are apprentices, co-authors, lab workers, grant writers and researchers, research assistants, and teaching assistants. In fact - the University relies on GPS to act as TAs in order to educate undergraduates, and as GAs and RAs in order to support and carry out faculty research initiatives. In this sense, many graduate students are more like faculty and staff than like undergraduate students: workplace dynamics - such as labor issues, gendering of roles, supervisor relationships, and disability accommodations, etc. - affect how GPS experience UNC-CH. Many GPS are state employees. Many are raising families while living on very low incomes. Many, as young professionals, have relocated to follow professional opportunities, and are seeking the support of local community in the form of social activities, religious and spiritual communities, and civic engagement.

The diversity issues affecting graduate and professional students therefore cannot be addressed using the same strategies used to address the diversity issues of faculty and staff (e.g. in regard to workplace politics/employment) alone. Nor, can they be addressed using the same strategies used to address diversity in the undergraduate population (e.g. trainings, social opportunities, and clubs).

Additionally, GPS are an internally extremely diverse group, given that some professional programs may last only two years, while many PhD programs at UNC-

CH may last eight years. Certain schools on campus may already be taking unique measures to address the diversity issues of their GPS populations, but without a campus wide conversation, we will not be able to identify these efforts, or to determine if they may make sense to extend to the broader GPS community.

What Information Currently Exists about Diversity Issues Affecting this Population?

Based on our initial inquiry into this question, little campus-wide information exists about how diversity issues affect the graduate and professional student population.

The Office of Diversity and Multicultural Affairs currently conducts programs targeting undergraduates and faculty/staff, but does not have programming that specifically targets graduate students. We are currently working to expand existing programming to more actively recruit and engage graduate students.

The 2012 Climate Report conducted by the Provost regarding LGBTQ issues on campus included perspectives gathered from LGBTQ graduate population. The Graduate School and the Campus Ombudsman may have further aggregate information; however, none of the above entities is positioned so as to open a campus wide conversation about these issues without the work of a broader coalition.

The Graduate School at UNC-CH, which serves graduate students in the College of Arts and Sciences, has just launched a new initiative, the Diversity and Student Success program (DSS). Initial programming for the DSS scheduled for the fall of 2014 includes social or cohort-building coffee hours, and lunches, as well as professional development workshops, and an endorsement of the DSW initiative. Through the implementation of the DSW and resulting programming, GPSF aims to work closely with the staff of the Graduate School in supporting a broad vision of diversity issues affecting graduate students, and to identify, develop, and implement strategies that will make Carolina a leader in graduate student diversity issues.

Why a "Campus-Wide Conversation" and Not a Survey?

The goal of this project is to foster a thriving, diverse graduate and professional student population that appreciates difference and allows for clear communication and respect for students that does not seek to "treat everyone the same," but embraces a multiplicity of backgrounds and points of view as crucial to the University's goal of excellence.

While little information exists about the experience of graduate and professional students in relation to diversity issues at Carolina, we conscientiously seek not to gather quantitative data through survey methods, but rather to foster open conversation.

We do so for several specific reasons.

First, survey design requires a minimum knowledge of the area of study. We are concerned that at this stage, a survey designed to capture feedback about diversity issues would fail to escape the problem of design bias, and without a qualitative foundation, might present questions that would bias the result or miss important areas altogether.

Second, a survey requires the concerted work of data analysis and reporting to create a resulting climate report. Given the year-long terms of diversity appointees working on this project, we do not have the resource to support a full climate report at this time.

Third, and most significantly, fostering a diverse community requires the creation of forums to allow for conversations across difference. While surveys involve the interaction of individual respondents with computer interfaces, conversation implies face-to-face communication. By urging our colleagues to engage in conversation rather than in raw fact-finding, we hope that the process of launching this project will in itself work to help the various graduate and professional student communities across campus to identify diversity issues affecting colleagues in their departments, and to increase awareness and sensitivity through dialogue.

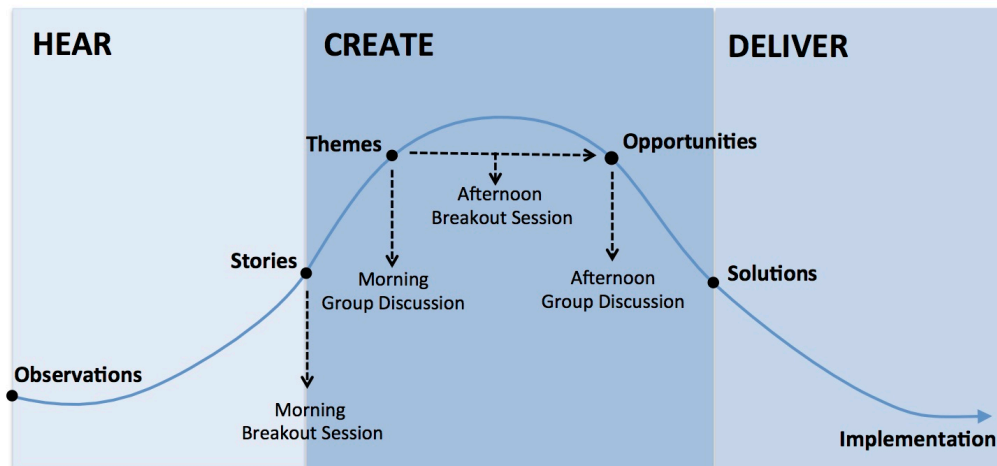
Finally, graduate students are emerging professionals who will become leaders in their fields and societies. Fostering a graduate student community that is aware of diversity issues and appreciated by university administration and faculty for its own diversity will further the goal of future excellence for the University, the State of North Carolina, and the broader society.

Human Centered Design: Using Design-thinking and Qualitative Methods to build diversity initiatives through collaborative process

One of the core questions that faces an initiative like this one is how to produce a DSW event that, in responding to GPS needs and creating space for dialogue, also produces workable outcomes. During the months of planning that went into structuring and developing the DSW plan, students and administrative allies expressed concerns that the DSW must offer tangible outcomes, or else it runs the risk of becoming just another "diversity tax" - an event that takes up the time and energy of students already taxed by the barriers based on historic oppressions facing them, without resulting in any real change. Administrators also worried that an event that makes space for dialogue could escalate students' frustration, without offering any tangible ways to address those frustrations. In response to these concerns, the DSW planning committee sought to develop a carefully selected structure, that treats the DSW event as a space for solidarity building that both identifies common problems, and through qualitative analysis, develops workable outcomes.

After review and discussion, the planning committee programming subcommittee selected an adaptation of the Human Centered Design Toolkit model, as described by the IDEO foundation, to guide the DSW process.

Programming subcommittee members Sertanya Reddy, Jami Powell, and Cassandra Hartblay are PhD students whose own academic research focuses on engaged scholarship with social justice outcomes. As trained ethnographers, we sought to create a methodology and program for the DSW that centered solidarity-building and the co-production of knowledge through dialogue and storytelling. This methodology recognizes Graduate and Professional Students as the experts in our own experience. Sertanya's experience researching diversity issues among adolescents and leading focus groups, Jami's experience enacting engaged ethnography within American Indian communities, and Cassandra's experience with disability access and design thinking all played into our approach.



This graphic, illustrates the stages of research - Hear, Create, and Deliver - for the DSW initiative, and will be used to enact our programming on the day of the event. Graphic adapted from the HCD Toolkit, by Jami Powell.

The IDEO Human Centered Design (HCD) toolkit module offered us a succinctly formulated set of tools with which to structure the schedule for the day of the event, and to train the breakout group facilitators. The HCD module suggests a three-stage process: Hear, Create, Deliver. Using this framework, the DSW event will use morning workshops to "hear" - that is, gather qualitative stories about barriers facing GPS, afternoon workshops to "create" - to analyze the qualitative stories to find common patterns, and prototype or design creative solutions, and a closing session will work to compose working groups for the "delivery" of these objectives. The "delivery" process will continue when the working groups present their findings to faculty and administrative allies and stakeholders, and then throughout the year as they implement prototypes of new programming. Above all, the use of an

adapted HCD model allows us to put the human needs and grounded knowledge of GPS at the center of new programming initiatives; in this sense, we view the DSW as a transformative collaborative qualitative research process.

For more information about the programming for the event, please see the DSW program handbook developed by our programming subcommittee.

Project Timeline:

October-December 2013

- ✓ Plan is presented to GPSF Leadership, and to partner departments, and amended as necessary

January 2014

- ✓ Plan is presented to GPSF Senate. Senators provide feedback and input that is integrated into plan.
- ✓ A follow-up email is sent to GPSF Senators reiterating the goals of the Campus-Wide Conversation on Diversity
- ✓ The planning committee meets to 1) identify a date for the Diversity Summit, 2) draft an agenda for the Diversity Summit (see appendix), 3) draft a budget for the Diversity Summit

February 2014

- ✓ GPSF Diversity co-Chairs revise plan based on feedback at first planning committee meeting
- ✓ GPSF Diversity Co-Chairs draft project budget and seek funding for Spring 2014 phase of plan
- ✓ GPSF Diversity Co-Chairs share revised plan with GPSF leadership and GPSF Senate
- ✓ GPSF Diversity Co-Chairs draft recruitment email to go out to all Graduate Programs
- ✓ GPSF Diversity Co-Chairs, as well as campus partners and GPSF Senators work to recruit a committee of graduate students to participate in the graduate student planning committee for the Diversity Summit and Workshop.
- ✓ Recruitment emails go out.

- ✓ GPSF Diversity Co-Chairs attend to details of upcoming planning meetings: budget, food, materials, space reservation, announcements and RSVPs
- ✓ As necessary, GPSF Diversity Co-Chairs recruit participants for planning committee from underrepresented departments and programs in order to have balanced constituent input.

March-April 2014

- ✓ GPSF Diversity Co-Chairs attend to Final RSVP tallies and Food Orders for Planning Committee
- ✓ Graduate Student Planning Committee meets twice, **MARCH 19TH 10:30-12:00; APRIL 15TH 10:30-12:00**
- ✓ GPSF Diversity Committee works to find at least one GPS diversity advocate for each department
- ✓ GPSF Diversity Co-Chairs create a mailing list for departmental diversity advocates, and send initial communications
- ✓ GPSF Diversity Committee works to ensure that the Diversity Summit budget is funded.
- ✓ GPSF Diversity Co-Chairs reserve a space for the Diversity Summit, and solidify speakers
- ✓ GPSF Diversity Co-Chairs submit a press release (drafted and revised with feedback from stakeholders) about the Campus-Wide Conversation to the Daily Tar Heel, university website editors
- ✓ GPSF Diversity Co-Chairs work to advertise and publicize upcoming Diversity Summit & Workshop
- ✓ Logo for Diversity Summit & Workshop designed, to be used in publicity materials
- ✓ DSW Planning Committee brings conversation to departments, programs, and peers

May-July 2014

- ✓ DSW budget finalized
- ✓ On-going DSW outreach & participant recruitment
- ✓ DMA summer faculty diversity initiatives open to graduate student participation

August 2014

- ✓ GPS DSW Planning Committee meets, reviews logistics

September 2014

- ☐ GPSF Diversity co-chairs and leadership meet with campus leaders to review plan for DSW
- ☐ Programming schedule for DSW is developed by planning committee members with expertise in diversity issues and qualitative research
- ☐ Planning committee executes event logistics (space, food, technology)
- ☐ Planning committee finalizes DSW event schedule, including invited welcome speakers and lunchtime resource announcements
- ☐ DSW outreach is conducted across campus; final RSVPs are due online by Monday, September 15th
- ☐ Planning committee, working with allies in the University administration, plans a post-DSW feedback session to report findings and working goals to broader campus community (administrators and faculty)
- ☐ Diversity Summit & Workshop takes place on September 20th
- ☐ Post-Summit meeting of planning committee reviews outcomes of the Summit and proposes goals going forward
- ☐ Summit outcomes are reported to GPSF Senate and to broader community at feedback session
- ☐ Campus-Wide Conversation continues based on Summit outcomes
- ☐ GPSF leadership plans how to support the implementation of Summit outcomes in the next school year
- ☐ GPSF Diversity Co-chairs organize weekend diversity training series & publicize

Appendix A: Preliminary Program for Diversity Summit & Workshop, September 2014

9:00am Breakfast

9:15am Welcome

9:30am Diversity Issues: terminology and ground rules for a shared discussion

10:00am Break-out group discussions by disciplinary area
11:00am Coffee Break
11:15am Large group discussion of break-out group findings
12:30 Lunch & Performance
1:30 Diversity Resources on campus – presentations from stakeholder offices
2:00 Break-out group discussions by issue/identity (e.g. parenting, religious identity, RA/TA rights, etc.)
3:30 Coffee Break
3:45 Large group discussion of break-out group findings
4:30 Next Steps – a collaborative visioning process
5:30 Summit Closing Activity/Remarks

Appendix B: FAQs

<http://graddiversitysummit.web.unc.edu/faqs/>

I am an administrator/faculty member/ally who is not a grad/professional student. Can I attend the event?

Sort of. The workshop portion of the event is for graduate and professional students only. In order to cultivate a safe space for GPS to air grievances and build solidarity, we ask that faculty and administrators do not attend these portions of the event. However, there are several specific ways in which we are working to partner with allies. First, we are inviting several administrators to participate as opening speakers; that is, to attend the initial welcome part of the event - that means mixing over coffee and breakfast, and giving short opening addresses. Second, we are also hosting a segment of time during and after lunch when university offices that provide resources to GPS are invited to give short (2-5 minute) presentations about the resources that they offer. Third, we will share our findings with university administrators, trustees, and faculty allies following the DSW. If you would like to participate in any of these capacities, please send the DSW organizers an email (hartblay@live.unc.edu or balmonte@email.unc.edu).

This event is on a Saturday. Why should I take a whole day to do this when I have a lot of work to do?

We got involved with GPSF because we noticed that often times, GPS will encounter problems or barriers, get really frustrated for a few days, and then drop the issue, because it is more important to finish our degrees than to get caught up in trying to take on the system. There are certainly benefits to the "keep my head down and get out" strategy. At the same time, sometimes meeting other people who are going through similar things, and identifying common grievances can be both cathartic and energizing. It's up to you to decide to participate. That said, we realize that Saturday is a day off from business as usual. We have tried to build plenty of rest, play, and social time - as well as free food - into the program for the day.

I'm tired of diversity events - I've attended too many without anything changing. Is this event another "diversity tax" situation, where those of us who "look" "diverse" (e.g. represent some oppressed group) show up and spend our time on something that has no discernible outcome for us?

Well, good question. This is a real concern, and it's something that our planning committee thought long and hard about. The goal of the DSW is to co-create new knowledge and understandings of the common struggles going on across campus. Our focus is foster a dialogue to identify problems, build solidarity, and work toward solutions. Rather than creating a survey, which delivers knowledge to survey administrators (e.g. that gets siloed in hierarchical structures, and doesn't come back to the research participants), the workshop format is intended to facilitate dialogue, which allows for horizontal relationships (e.g. you might find out how time off for non-Christian religious holidays is addressed in a different department or school, or what kinds of resources for gender non-conforming GPS are already active). The GPSF diversity committee is committed to sustainability - that means, the goal of the DSW is to derive working groups and objectives that, with GPSF support, will plan further events for the spring semester, and be carried over into a second DSW in fall of 2015. While delivering the outcomes to university administrators may be part of the strategy that we come up with, it is not the sole purpose of the DSW.

I noticed that the Graduate School at UNC is launching a new Diversity and Student Success Program (DSS). How is that related to this event?

Great question. The DSW has been in development for a full year now, prior to the concept of the DSS initiative, but we are thrilled to endorse this new program from the Graduate School. The DSS program focus on retention rather than recruitment, and takes a broad understand of disability (rather than just focusing on racial minority groups). In fact, we are working closely with the DSS to collaborate in bringing the findings and outcomes of the DSW event to university administrators. From the perspective of GPSF, the launch of the graduate school's new program means that we couldn't be coming together for a DSW at a better time, as the launch offers a unique opportunity for our DSW findings and objectives to help shape DSS programming going forward.

Is this a diversity training event?

No. This is not an event that is intended as a training for people who want to learn more about appropriate language to use to describe particular groups of people, or to learn how to be a better colleague to peers from different backgrounds. You might garner some new knowledge about these things from participating in the event, but it is intended as a workshop for those GPS who would like to identify and build solidarity about specific issues facing diverse constituencies on campus. Education and training is an important part of diversity objectives. Please take advantage of the many diversity training opportunities that already exist on campus, such as

SafeZone, Haven, or request a training specific to the needs of your department or group through the Office of Diversity and Multicultural Affairs (contact Sharbari Dey).

How is the event structured? How will we make sure to use the time effectively?

The planning committee has been working long and hard to create an outcome-based schedule for the day. Please visit the [schedule page](#) for an overview. We are using a Human Centered Design approach to facilitating working able outcomes (as developed by the IDEO foundation). The morning session will focus on gathering themes and stories. The afternoon will focus on developing prototypes for feasible, viable, and desirable solutions.

Can I bring my kids with me?

We are working to arrange on-site childcare for the event. Please indicate that you will need childcare when you sign up to attend the event.

Where is it? How do I get there? Will my needs be accommodated?

Please see the [Location/Maps/Access](#) page of the website.

I am new to UNC-CH - it's my first year as a grad/professional student. Can I still get involved?

Yes! We already have several first year GPS on board. In many ways the event will focus on building knowledge amongst those GPS who have already been enrolled for some time. However, the more people we have in the room who can carry these concerns forward the better.

Works Cited:

Adams, Maurianne et al. Readings for Diversity and Social Justice. Routledge, 2013. Climate Report provost.unc.edu/files/2012/09/campusclimatereport.pdf

Human Centered Design Toolkit. IDEO. <http://www.ideo.com/by-ideo/human-centered-design-toolkit>

The University of North Carolina at Chapel Hill

2013-14 Intercollegiate Athletics Report

for submission to

UNC General Administration
October 8, 2014

Executive Summary

In compliance with UNC Board of Governors policy, UNC General Administration (UNC-GA) has required each constituent institution to submit an annual Intercollegiate Athletics Report containing basic statistical data on admissions and completion rates of student-athletes. The requirements for this report were recently expanded to include additional information on academic activities of student-athletes (UNC Policy 1100.1), financial indicators of campus athletics departments (UNC Regulation 1100.1.1[R]) and Academic Integrity (UNC Regulation 700.6.1.[R]). Copies of these policies are included in Attachment A.

Further, BOG policy specifies that the Chancellor and Board of Trustees of each campus must review and approve the Intercollegiate Athletics Report prior to its submission. This is a summary of UNC-Chapel Hill's report for 2013-14.

Financial Indicators from the NCAA Dashboard "Presidential View"

Eight key indicators of the financial resources and expenditures of campus athletics departments are provided in the "Presidential View." Attachment B compares UNC-Chapel Hill's 2013-14 athletics financial indicators to: (1) the Atlantic Coast Conference (ACC), (2) the Big Ten Conference, (3) the Directors' Cup participants, and (4) the University's official peer institutions.

Highlights of these comparisons are listed below.

- **NCAA Academic Progress Rate (APR).** UNC-Chapel Hill's 2012 (latest available) overall APR for the entire athletics program was 977. This rate was just below the median for the ACC but below the 25th percentile for the Big Ten, Directors' Cup, and peer institution groups.
- **Athletics-generated revenue as a percentage of total athletics revenue:** In 2013, the UNC-Chapel Hill Department of Athletics generated about 89% of its total revenue from ticket sales, alumni contributions, licensing, etc. This put the University close to the 75th percentile in the ACC, but in the lowest quartile for the other three comparison groups.
- **Net revenues.** UNC-Chapel Hill's athletics revenues exceeded its expenditures by about \$57,000 in 2013. The median net revenues for all four of the comparison groups ranged from \$1.2 million to \$6.6 million.

- **Total expenditures.** UNC-Chapel Hill's expenditures of \$82.7 million were at the 75th percentile for the ACC, but below the median for the other groups.
- **Salaries and benefits as a percentage of total expenditures.** At 38%, UNC-Chapel Hill's percentage of its 2013 total expenditures allocated to salaries and benefits was higher than the median for the comparison groups.
- **Athletics expenses per student-athlete.** UNC-Chapel Hill spent an average of \$104,464 per student-athlete in 2013, well below the 25th percentile of all other comparison groups. The median expenses per student-athlete for the other four groups ranged from \$128,567 in the ACC to \$148,780 for Directors' Cup institutions.
- **Athletics expenditures as a percentage of total institutional expenditures:** Athletics expenditures at UNC-Chapel Hill account for only 3% of total University expenditures. This is below the median of all other comparison groups.
- **Athletics expenditures % change from prior year compared to total institutional expenditures % change from prior year.** UNC-Chapel Hill's athletics expenditures increased at a lower rate than its total institutional expenditures (a difference of 3 percentage points). This put the University into the lowest quartiles for the Directors' Cup and peer institution groups, and below the median within the ACC and Big Ten groups.

Athletically-Related Student Fees

The annual athletics fee charged to all undergraduate and graduate students was \$279 in 2013-14. This fee represents approximately 15% of the total annual mandatory student fees charged to all students (\$1,917 undergraduate and \$1,905 graduate).

In 2013-14, the UNC-Chapel Hill Department of Athletics received \$7,249,835 in revenue from student fees, which amounted to 8.8% of its total revenue of \$82,792,342.

Statistical Data on Athletes

Enrolled First-Year Students, Recruited First-Year Student-Athletes (RFSAs), and UNC System Minimum Course Requirements (MCR)	
Total number of enrolled freshman	3,955
Total number of enrolled freshman receiving MCR exceptions	1
Total number of enrolled recruited freshman student-athletes	163
Total number of enrolled recruited freshman student-athletes receiving MCR exceptions	1

Recruited First-Year Student-Athletes (RFSAs), Minimum Admissions Requirements (MARs), and Minimum Course Requirements (MCRs)					
Sport	# RFSAs by Sport	# RFSAs Below HS GPA min only	# RFSAs Below min SAT/ACT only	# RFSAs Receiving MCR Exception only	# RFSAs Below More Than One Requirement
Men's Sports					
Baseball	16				
Basketball	3	1			
Football	20	2			
Fencing	0				
Golf	3				
Lacrosse	10				
Soccer	6				
Swimming & Diving	9	1			
Tennis	4			1	
Track & Field	8				
Wrestling	10				
Women's Sports					
Basketball	4				
Cross-Country	4				
Fencing	3				
Field Hockey	7				
Golf	2				
Gymnastics	3				
Lacrosse	10				
Rowing	0				
Softball	4				
Soccer	12				
Swimming & Diving	9				
Tennis	2				
Track & Field	10				
Volleyball	4				
TOTAL	163	4	0	1	0

Student-Athlete Academic Profile			
Sport	Total Number of RFSAs by sport	Avg. HS NCAA Core Course GPA	Avg SAT / ACT
Men's Football	20	3.04	1004 / 21
Men's Basketball	3	2.97	923 / 15
Women's Basketball	4	3.2	885 / 23

Majors of Student-Athletes with Junior or Senior Status		
CIP2	Description	Number of Declared Majors
05	Area, ethnic, cultural, gender, & group studies	7
09	Communication, journalism, & related programs	48
11	Computer & information sciences	2
13	Education	2
16	Foreign languages, literatures, & linguistics	1
23	English language & literature/letters	2
26	Biological & biomedical sciences	3
30	Multi/interdisciplinary studies	1
31	Parks, recreation, leisure, & fitness studies	45
42	Psychology	2
44	Public administration & social service professions	1
45	Social sciences	19
50	Visual & performing arts	1
52	Business, management, marketing, & related support services	26
54	History	7
XX	Undecided	16
	TOTAL	183

NCAA Graduation Rate Reports

The NCAA Graduation Rates Report (see Attachment C) provides six-year graduation rates for first-year entering cohorts. The rates for all students in the cohort are compared to the rates for the subpopulation of student-athletes who received athletics aid for any period of time during their entering year. This approach is consistent with federal reporting methodology. The table below indicates that for 2007, the most recent cohort for which six-year data are available, the graduation rate for student-athletes was approximately 17 percentage points lower than for the entire student cohort.

The NCAA also calculates the Graduation Success Rate (GSR) for student-athletes in the first-year fall cohorts, plus other student-athletes who entered midyear or transferred into the institution and received athletics aid. In addition, the GSR subtracts student-athletes from the cohort who left the institution prior to graduation, had athletics eligibility remaining, and would have been

academically eligible to compete had they returned to the institution. These adjustments result in GSR rates that are higher than the standard six-year graduation rates for student athletes and closer to the rates for all students (86% vs. 90%).

First-Year Cohort Six-Year Graduation Rates		
	All Students	Student-Athletes
2007 Cohort Graduation Rate	90%	73%
Four-Class Average Graduation Rate (entered 2004 to 2007)	89%	72%
Student-Athlete Graduation Success Rate (GSR)	NA	86%

Academic Integrity Regulations

1. Summary of the campus review process and how “irregularities” are determined

A team made up of the Senior Associate Dean for Undergraduate Education in the College of Arts and Sciences, the University Registrar, and the Faculty Athletics Representative reviews class enrollments each semester to identify those that exceeded the numeric threshold for set “clustering” of student-athletes. For each course exceeding the threshold, the Senior Associate Dean for Undergraduate Education follows up with department chairs to determine the reason and to consider whether there are any potential irregularities requiring further inquiry and review.

2. Summary of findings for the analysis of course sections

For classes reviewed in 2013-14:

Fall 2013 (20% threshold) – 85 identified (0 irregularities)

Spring 2014 (20% threshold) – 89 identified (0 irregularities)

Summer 2014 (30% threshold) – 27 identified (0 irregularities)

3. Summary data on findings of student-athlete transcript reviews

UNC-Chapel Hill reviews all student-athlete transcripts at least once a year as part of the NCAA certification process and audit processes overseen by the University Registrar. No irregularities were identified last year.

4. Results of analysis of overall student-athlete GPA and non-student-athlete GPA

Average Cumulative GPAs, Spring 2014	
Student-Athletes	2.950
Non-Student-Athletes	3.206
All Undergraduates	3.196

Reporting Structure for Athletics Compliance

UNC-Chapel Hill's athletics compliance office reports directly to the Athletics Director. The Senior Associate Athletics Director who oversees the athletics compliance office also has an informational reporting relationship to both UNC-Chapel Hill's Faculty Athletics Representative and a Chancellor's Office designee. An organizational chart depicting these relationships is provided in Attachment D.

Effective Practices Employed at UNC-Chapel Hill to Reinforce the Connection Between Academics and Athletics

UNC-Chapel Hill's many initiatives to reinforce the connection between academics and athletics are detailed in our Carolina Commitment website at: <http://carolinacommitment.unc.edu>

A comprehensive list of all the reforms and new practices implemented can be viewed here: <http://carolinacommitment.unc.edu/reforms/>

In addition, a description of the work of the Student-Athlete Academic Initiative Working Group, co-chaired by Provost Jim Dean and Athletics Director Bubba Cunningham, is available here:

<http://carolinacommitment.unc.edu/updates/update-from-provost-james-w-dean-jr-about-the-student-athlete-academic-initiative-working-group/>

Information on Booster Club Organizations

1. Most recent financial information regarding "booster" club activities.

Attachment E: "The Educational Foundation, Inc., Financial Statements, June 30, 2013,"

Attachment F: "The Educational Foundation Scholarship Endowment Trust, Financial Statements, June 30, 2013."

2. "Booster" Club's Operating Procedures

Attachment G: "Agreement between UNC-Chapel Hill and the Educational Foundation, Inc., 2013-2018."

3. Annual audit review of "booster" club organization.

Signed reports from the independent auditors are included in the financial statement documents referenced in #1 above.

Other Reference Documents

EADA Annual Report -- Athletics data submitted annually by UNC-Chapel Hill to the Office of Postsecondary Education of the U.S. Department of Education, as required by the Equity in Athletics

Disclosure Act (EADA) for all institutions that receive Title IV funding (i.e., those that participate in federal student aid programs) and have an intercollegiate athletics program. See Attachment H.

NCAA Report Submitted by UNC-Chapel Hill Department of Athletics. See Attachment I.

Attachment A:
UNC BOG Policies 1100.1, 1100.1.1[R],
and 700.6.1[R]

The UNC Policy Manual
1100.1
Adopted 10/11/85
Replaced 05/09/03

Intercollegiate Athletics

1. The Board of Governors has delegated the responsibility for intercollegiate athletics to the chancellors under the *Code's Delegation of Duty and Authority*. That delegation is subject to the requirements and mandates in this policy.
2. The chancellors shall ensure that all athletes admitted to the institution are capable of progressive academic success and graduation within six years.
3. The chancellors shall ensure that the policies for admission of student athletes are reviewed by appropriate members or bodies of the faculty and that any recommendations or advice from those members or bodies are received and considered.
4. The chancellors shall ensure that exceptions or waivers for the admission of student athletes are reviewed by appropriate members or bodies of the faculty and that any recommendation concerning these applicants are received and considered by the chancellors in a timely manner.
5. The chancellors shall ensure that student athletes follow a coherent course of study that is designed to accomplish reasonable progress toward a baccalaureate degree.
6. Chancellors shall ensure that the tutorial and remedial programs for student athletes will be administered by appropriate academic offices in cooperation with athletic department officials.
7. The chancellors shall ensure that athletes who are not making satisfactory academic progress are not allowed to continue as team players.
8. The chancellors shall ensure that a mandatory drug-testing program for student athletes is implemented and monitored.
9. The chancellors shall ensure that formal awareness programs on the dangers of gambling in athletics is implemented.
10. The chancellors shall ensure that the institutions conform with NCAA standards.
11. The chancellors shall ensure that all foundations, clubs, and associations established primarily to raise money on behalf of constituent institutions are audited annually and that those audits are reviewed by the institutional Boards of Trustees and are forwarded to the President.
12. The chancellors shall ensure that the position of director of athletics is separate and distinct from the position of a coach of any sport.
13. The chancellors shall submit an annual report to the Board of Trustees of the constituent institutions with a copy to the President, who will report to the Board of Governors. The annual report shall be designed according to criteria and format defined by the Office of the President and shall include the following elements:
 - a. organization and philosophy of athletics programs;
 - b. the admission policy for student athletes including the definitions utilized for exceptions to campus-based criteria;
 - c. student-athlete exceptions to the minimum course requirements set by the Board of Governors and defined in Policy 700.1.1 and Regulation 700.1.1.1[R];

- d. the student-athlete profiles for admitted student athletes including SAT/ACT scores, high school grade point averages and NCAA classifications;
- e. information about the majors or programs of study chosen by student athletes;
- f. academic progression information for student athletes and six-year graduation rates;
and
- g. information about “booster” club organizations and procedures.

14. The chancellors shall report to the Board of Trustees the student-athlete exceptions to the institution's undergraduate admissions criteria.

15. The chancellors shall ensure that the annual report is forwarded to appropriate members or bodies of the faculty and that any response from such members or bodies is received and considered by the chancellors.

[This policy consolidates policies 1100.1 and 1100.2]



REGULATION

The University of North Carolina

General Administration

The UNC Policy Manual
1100.1.1[R]
Adopted 06/25/14

Financial and Other Reporting for Intercollegiate Athletics

I. Purpose

Consistent with the University of North Carolina's commitment to ensuring integrity and transparency in its financial and other operations, this regulation establishes financial and other reporting requirements for the intercollegiate athletics programs of the constituent institutions. These requirements ensure that the chancellors, the boards of trustees, the president, and the Board of Governors receive and review the information needed to understand the sources that contribute to the athletics budget, monitor institutional expenditures, and objectively consider the balance between athletics and the academic mission of each constituent institution within the University.

II. Athletically Related Financial Reporting Requirements

A. Reports to the Chancellor

1. Reports to the U.S. Department of Education and the National Collegiate Athletic Association. The chancellor of each constituent institution with an intercollegiate athletics program shall review and approve the athletically related financial information required by and reported to the National Collegiate Athletic Association ("NCAA"), the U.S. Department of Education, and the Board of Governors through applicable University policy and regulations including, but not limited to, the financial information contained in the constituent institution's Equity in Athletics Disclosure Act ("EADA") Report and in its NCAA Operating and Capital Financial Data Report.

2. Review of Financial Indicators. The chancellor of each constituent institution with an intercollegiate athletics program shall annually receive and review the most recent year's data and five-year trend data for the financial indicators contained in the NCAA Dashboard "Presidential View" for the constituent institution's NCAA division.

a. The financial indicators reviewed for Division I institutions must include, at a minimum, the following:

- (1) NCAA Academic Progress Rate;
- (2) Generated Revenues/Total Athletics Revenue (%);
- (3) Net Athletics Revenues (\$);

- (4) Total Athletics Expenditures (\$);
 - (5) Salaries and Benefits (%) (as a share of Total Athletics Expenditures);
 - (6) Athletics Expenditures/Student-Athlete (\$);
 - (7) Athletics Expenditures/Institutional Expenditures (%); and
 - (8) Athletics Expenditures Rate of Change vs. University Expenditures Rate of Change (%).
- b. The financial indicators reviewed for Division II institutions must include, at a minimum, the following:
 - (1) Student Fees Revenue/Total Athletics Revenue (%);
 - (2) Total Athletics Revenue (\$);
 - (3) Athletic Student Aid/Total Athletics Expenses (%);
 - (4) Coaches Compensation/Total Athletics Expenses (%);
 - (5) Administrative Staff Compensation/Total Athletics Expenses (%);
 - (6) Team Travel Expenses/Total Athletics Expenses (%); and
 - (7) Average Academic Success Rates.
3. Review and Approval of Annual Intercollegiate Athletics Budget. The chancellor of each constituent institution with an intercollegiate athletics program shall review and approve the annual institutional budget for intercollegiate athletics, including:
 - a. Major sources of revenue and expenses;
 - b. Athletically related student fees data, including the institution's current athletics student fee and the percentage of student fee revenue as a share of total operating revenue for athletics; and
 - c. Any relevant financial reports pertaining to the operation of the institution's intercollegiate athletics program.
4. Chancellor's Role in the Annual Report. The chancellor shall ensure that the annual report required by Policy 1100.1 incorporates the information included in this regulation, including the indicators from the NCAA Dashboard "Presidential View" and the athletically related student fees data. The chancellor shall also ensure that the report is forwarded to appropriate members or bodies of the faculty and that any response from such members or bodies is received and considered by the chancellor.

B. Reports to the Boards of Trustees

1. The board of trustees of each institution, through the chancellor, must annually receive and review the financial indicators contained in the NCAA Dashboard “Presidential View” for the institution as described in Section II.A.2., above. This “Presidential View” data should be reported on an annual basis and shall include the most recent year’s data as well as five-year trend data.

2. The board of trustees shall also receive and review the annual institutional budget for intercollegiate athletics, including major sources of revenue and expenses. This budget report shall include, at a minimum:

- a. Major sources of revenue and expenses;
- b. Athletically related student fees data, including the institution’s current athletics student fee and the percentage of student fee revenue as a share of total operating revenue for athletics; and
- c. Any relevant financial reports pertaining to the operation of the institution’s intercollegiate athletics program.

C. Reports to the President and the Board of Governors

1. The president and, through the president, the Board of Governors shall annually receive and review the financial indicators contained in the NCAA Dashboard “Presidential View” for each institution as described in Section II.A.2., following review by the chancellor and the board of trustees. This information shall be provided by each institution as part of its annual report described in Policy 1100.1.

2. The president and Board of Governors shall also receive and review the athletically related student fees data for each institution, including each institution’s current athletics student fee and the percentage of student fee revenue as a share of total operating revenue for athletics.

III. Other Athletically Related Reporting Requirements

A. Additional Information to be Included in the Annual Report

Section 13 of Policy 1100.1 requires that chancellors submit an annual report to the board of trustees of the constituent institutions with a copy to the president, who will report to the Board of Governors. The annual report shall be designed according to criteria and format defined by the president and must include all the elements listed in the policy and the elements listed in this regulation, including the following elements:

1. As part of the discussion of the organization and philosophy of athletics programs (Section 13.a.), the chancellor shall include:
 - a. An explanation of the institution’s reporting structure for athletics compliance and whether and to whom the athletics compliance director reports outside of the department of athletics;

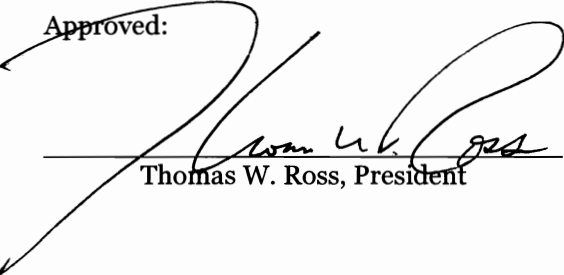
- b. Any especially effective practices the institution has adopted that reinforce the integral connection between academics and athletics;

- c. The indicators from the NCAA Dashboard “Presidential View” as described in this regulation; and
 - d. Athletically related student fees data, including the institution’s current athletics student fee and the percentage of student fee revenue as a share of total operating revenue for athletics.
2. As part of the information about the admission policy for student-athletes including the definitions utilized for exceptions to campus-based criteria (Section 13.b.), the chancellor shall include:
 - a. Any recruited student-athlete exceptions to the Board of Governors’ minimum admissions requirements.
 3. As part of the provision of academic progression information for student-athletes (Section 13.f.), the chancellor shall include:
 - a. Information related to academic integrity and academic success measures such as the APR and six-year graduation rates;
 - b. A summary of student-athlete GPA comparison information as set out in Policy 700.6.1.
 4. As part of the information about “booster” club organizations (Section 13.g.), the chancellor shall include:
 - a. Information related to any associated entity that supports its intercollegiate athletics program, including financial information, operating procedures, and annual audit reviews.
 5. The institution’s financial indicators contained in the NCAA Dashboard “Presidential View” as described in Section II.A.2., of this regulation, following review by the chancellor and the board of trustees.

IV. Effective Date

These review and reporting requirements shall take effect with and be incorporated in the annual reports due in 2014.

Approved:


Thomas W. Ross, President


Date

Academic Integrity Regulations

The following set of required procedures will enhance the ability of each UNC campus to monitor and protect the integrity of its curriculum, student evaluation, and academic records. In addition, the appropriate review, evaluation, and supervision of University staff, including academic department chairs and other faculty administrators, will promote an enhanced culture of academic integrity. These procedures are to be implemented in addition to and in concert with the recommendations included in the 2011 Report of the Task Force on Athletics and Academics, the implementation of which President Ross has already required. These supplemental procedures stem from extensive discussions among campus stakeholders and incorporate concepts discussed in the UNC-Chapel Hill Report of the Independent Study Task Force, the Report of the Special Subcommittee of the Faculty Council, and specific campus policies addressing monitoring of academics and student-athletes, as well as the report of the Board of Governors Academic Review Panel.

The procedures below are grouped by functional area, and each has a corresponding implementation date.

I. Registrar and Student Records Best Practices

- A. All campuses will have clear rules designating individuals (by position occupied) authorized to submit a course grade or grade change, and the circumstances under which such changes may be made. (September 2013)
- B. All campuses will have audit procedures for verifying that only an authorized person submitted grades or grade changes to the student information system. (September 2013)
- C. All campuses will maintain an electronic record of grade-related approvals and changes to the student information system. (December 2014)
- D. All campuses will have course numbering and reporting conventions that utilize separate section numbers to identify independent study courses taught by individual faculty members. (May 2014)

II. Evaluating the Academic Performance of Student-Athletes and Other Student Subgroups

- A. Using results from the 2013 Board of Governors' Intercollegiate Athletics Report, General Administration will work with campuses to develop a common threshold or definition of clustering by student-athletes or other student subgroups that will trigger an automatic review of flagged courses to determine whether there were any irregularities in the reasons clustering occurred. (December 2013)
- B. On an annual basis, all campuses will review the course grade-point averages calculated for student-athletes and other student subgroups versus nonstudent-athletes and other identified subgroups. A summary of student-athlete comparisons will be included in the required Board of Governors' Intercollegiate Athletics Report, beginning in 2014.
- C. All campuses will have procedures for notifying academic advisors and Academic Support Program staff of any changes made to the course grades of student-athletes and/or to their course schedules after the designated two-week drop/add period. (December 2013)

III. Review and Approval of Nonstandard Courses and Course Sections

All campuses will have processes and policies to ensure that all forms of individualized instruction conform to the basic guidelines pertaining to other undergraduate courses, including but not limited to a syllabus or learning contract specifying expected student learning outcomes, number of hours of expected work, grading information, and scheduled meeting times with the faculty member. (September 2013)

IV. Supervision and Evaluation of Faculty and Faculty Administrators

A. All campuses will have guidelines on the number of undergraduate independent studies a faculty member may teach per term. If campuses choose to enumerate a limited number of circumstances under which exceptions to these limits may be approved, guidelines must enumerate the required individuals (by position) who must grant approval. (September 2013)

B. All campuses will have criteria and processes to ensure the regular review and evaluation of all aspects of performance of department chairs. (September 2013)

Attachment B:
NCAA Dashboard: Presidential View Statistics

Indicator	Comparison Group	Percentile Values			UNC-Chapel Hill	
		25th	50th	75th	Value	Quartile
3. NCAA Academic Progress Rate Overall Academic Progress Rate for entire athletics programs. 2013-14 reports are not yet available; these values represent 2012-13.	Atlantic Coast Conference	976	979	988	977	Second
	Big Ten	977	981	984	977	First
	Directors' Cup	977	981	985	977	First
	Peer Institutions	977	982	984	977	First
4.a. Generated revenues / total athletics revenue (%) Athletics-generated revenue (through ticket sales, alumni contributions, licensing) as a percentage of total athletics revenue	Atlantic Coast Conference	74%	86%	90%	89%	Third
	Big Ten	95%	98%	100%	89%	First
	Directors' Cup	90%	97%	100%	89%	First
	Peer Institutions	94%	96%	100%	89%	First
6. Net revenues (\$) Total athletics revenue minus total athletics expenditures	Atlantic Coast Conference	-\$446,838	\$1,158,426	\$3,162,971	\$57,203	Second
	Big Ten	\$184,555	\$2,482,218	\$4,199,197	\$57,203	First
	Directors' Cup	\$0	\$2,788,627	\$14,092,836	\$57,203	Second
	Peer Institutions	\$1,911,894	\$6,611,975	\$19,922,491	\$57,203	First
9. Total Expenditures (\$) Total athletics expenditures (e.g., salaries, equipment, recruitment, student aid, etc.)	Atlantic Coast Conference	\$63,433,687	\$66,836,502	\$83,835,127	\$82,735,139	Third
	Big Ten	\$74,628,002	\$96,427,632	\$116,026,329	\$82,735,139	Second
	Directors' Cup	\$88,576,473	\$101,108,322	\$115,882,478	\$82,735,139	First
	Peer Institutions	\$82,611,910	\$98,549,687	\$135,153,530	\$82,735,139	Second
11. Salaries and benefits (%) Total athletics salaries and benefits as a percentage of total athletics expenditures.	Atlantic Coast Conference	35%	37%	41%	38%	Third
	Big Ten	29%	34%	36%	38%	Fourth
	Directors' Cup	34%	36%	40%	38%	Third
	Peer Institutions	35%	38%	41%	38%	Second
15. Athletics expenses per student-athlete (\$) Total athletics expenditures divided by the number of unduplicated student-athletes	Atlantic Coast Conference	\$110,456	\$128,576	\$149,593	\$104,464	First
	Big Ten	\$127,550	\$147,453	\$155,253	\$104,464	First
	Directors' Cup	\$104,664	\$148,780	\$208,139	\$104,464	First
	Peer Institutions	\$108,275	\$138,698	\$182,707	\$104,464	First
16. Athletics expenditures / institutional expenditures (%) Total athletics expenditures as a percentage of total institutional expenditures	Atlantic Coast Conference	3%	5%	9%	3%	First
	Big Ten	2%	4%	5%	3%	Second
	Directors' Cup	2%	4%	7%	3%	Second
	Peer Institutions	2%	3%	5%	3%	Second
17. Athl. Exp. Rate of Change vs. Univ. Exp. Rate of Change (%) Athletics expenditures % change from prior year compared to total institutional expenditures % change from prior year. Positive values = athletics expenditures increased more than institutional expenditures; negative values = institutional expenditures increased more than athletics expenditures.	Atlantic Coast Conference	-9%	-2%	5%	-3%	Second
	Big Ten	-6%	2%	6%	-3%	Second
	Directors' Cup	-2%	3%	10%	-3%	First
	Peer Institutions	-3%	4%	14%	-3%	First

Attachment C:

NCAA Graduation Rate Reports

University of North Carolina, Chapel Hill

FRESHMAN-COHORT GRADUATION RATES	All Students	Student-Athletes #
2007-08 Graduation Rate	90%	73%
Four-Class Average	89%	72%
Student-Athlete Graduation Success Rate		86%

1. Graduation-Rates Data

a. All Students

	Freshman Rate				Freshman Rate				Freshman Rate			
	Men				Women				Total			
	2007-08		4-Class		2007-08		4-Class		2007-08		4-Class	
	N	%	N	%	N	%	N	%	N	%	N	%
Am. Ind./AN	9	78	41	68	26	85	97	72	35	83	138	71
Asian	113	88	440	90	163	94	605	92	276	92	1045	91
Black	136	78	559	74	293	90	1140	87	429	86	1699	83
Hispanic	80	89	269	84	133	89	424	86	213	89	693	85
Nat. Haw./PI	0	-	0	-	0	-	0	-	0	-	0	-
N-R Alien	31	84	97	74	19	89	84	83	50	86	181	78
Two or More	0	-	0	-	0	-	0	-	0	-	0	-
Unknown	74	91	227	87	116	87	338	85	190	88	565	86
White	1096	88	4388	89	1588	93	6295	92	2684	91	10683	91
Total	1539	87	6021	87	2338	92	8983	91	3877	90	15004	89

b. Student-Athletes

	Freshman Rate						Freshman Rate						Freshman Rate					
	Men						Women						Total					
	2007-08		4-Class		GSR		2007-08		4-Class		GSR		2007-08		4-Class		GSR	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Am. Ind./AN	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Asian	***	***	3	67	3	100	***	***	4	100	4	100	***	***	7	86	7	100
Black	***	***	78	50	69	64	***	***	23	78	23	78	***	***	101	56	92	67
Hispanic	0	-	***	***	***	***	0	-	***	***	***	***	0	-	***	***	***	***
Nat. Haw./PI	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-
N-R Alien	***	***	***	***	3	100	***	***	***	***	5	100	***	***	***	***	8	100
Two or More	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unknown	***	***	5	40	5	80	***	***	4	100	5	100	***	***	9	67	10	90
White	41	61	161	68	142	88	45	87	155	86	149	95	86	74	316	77	291	91
Total	62	63	256	62	231	81	52	85	196	85	191	93	114	73	452	72	422	86

c. Student-Athletes by Sport Category

Baseball				Men's Basketball				Men's CC/Track			
Freshman Rate				Freshman Rate				Freshman Rate			
2007-08	4-Class	GSR		2007-08	4-Class	GSR		2007-08	4-Class	GSR	
Am. Ind./AN	-	-	-	Am. Ind./AN	-	-	-	Am. Ind./AN	-	-	100-a
Asian	-	-	-	Asian	-	-	-	Asian	-	-	-
Black	-	0-a	-	Black	-	50-b	83-b	Black	100-a	86-b	86-b
Hispanic	-	-	-	Hispanic	-	-	-	Hispanic	-	-	-
Nat. Haw./PI	-	-	-	Nat. Haw./PI	-	-	-	Nat. Haw./PI	-	-	-
N-R Alien	-	-	-	N-R Alien	-	-	-	N-R Alien	-	100-a	100-a
Two or More	-	-	-	Two or More	-	-	-	Two or More	-	-	-
Unknown	-	-	-	Unknown	-	0-a	-	Unknown	-	-	-
White	27-c	35-e	88-d	White	-	100-a	100-a	White	71-b	69-c	100-b
Total	27-c	34-e	88-d	Total	-	54-c	88-b	Total	82-c	76-e	95-d

Football				Men's Other			
Freshman Rate				Freshman Rate			
2007-08	4-Class	GSR		2007-08	4-Class	GSR	
Am. Ind./AN	-	-	-	Am. Ind./AN	-	0-a	-
Asian	-	-	-	Asian	0-a	67-a	100-a
Black	45-c	44-e	57-e	Black	100-a	80-a	71-b
Hispanic	-	-	-	Hispanic	-	100-a	75-a
Nat. Haw./PI	-	-	-	Nat. Haw./PI	-	-	-
N-R Alien	-	-	-	N-R Alien	-	100-a	100-a
Two or More	100-a	75-a	75-a	Two or More	-	-	-
Unknown	100-a	67-a	100-a	Unknown	-	0-a	67-a
White	33-a	82-e	91-e	White	80-d	79-e	86-e
Total	56-d	56-e	69-e	Total	77-e	77-e	85-e

Women's Basketball				Women's CC/Track				Women's Other			
Freshman Rate				Freshman Rate				Freshman Rate			
2007-08	4-Class	GSR		2007-08	4-Class	GSR		2007-08	4-Class	GSR	
Am. Ind./AN	0-a	0-a	0-a	Am. Ind./AN	-	-	-	Am. Ind./AN	-	-	-
Asian	-	-	-	Asian	100-a	100-a	100-a	Asian	-	100-a	100-a
Black	-	70-b	70-b	Black	100-a	80-b	89-b	Black	100-a	100-a	75-a
Hispanic	-	-	-	Hispanic	-	-	-	Hispanic	-	67-a	100-a
Nat. Haw./PI	-	-	-	Nat. Haw./PI	-	-	-	Nat. Haw./PI	-	-	-
N-R Alien	-	-	-	N-R Alien	-	-	-	N-R Alien	0-a	75-a	100-a
Two or More	100-a	100-a	100-a	Two or More	100-a	100-a	100-a	Two or More	-	-	-
Unknown	-	-	-	Unknown	-	-	-	Unknown	-	100-a	100-a
White	0-a	50-a	100-a	White	86-b	75-d	92-c	White	89-e	88-e	95-e
Total	33-a	64-c	69-c	Total	90-b	79-e	92-e	Total	87-e	88-e	95-e

Values for N (a. 1-5, b. 6-10, c. 11-15, d. 16-20, e. greater than 20)

2. Undergraduate-Enrollment Data (All full-time students enrolled Fall 2013-14)

a. All Students	Men N	Women N	Total N	b. Student-athletes	Men N	Women N	Total N
Am. Ind./AN	35	52	87	Am. Ind./AN	1	0	1
Asian	702	913	1615	Asian	3	2	5
Black	525	1042	1567	Black	80	19	99
Hispanic	505	794	1299	Hispanic	2	1	3
Nat. Haw./PI	10	16	26	Nat. Haw./PI	0	0	0
N-R Alien	217	259	476	N-R Alien	12	17	29
Two or More	256	428	684	Two or More	11	18	29
Unknown	220	276	496	Unknown	11	4	15
White	5226	6894	12120	White	148	141	289
Total	7696	10674	18370	Total	268	202	470

c. Student-Athletes # By Sports Category

Men	Basketball	Baseball	CC/Track	Football	Other
Am. Ind./AN	0	0	0	1	0
Asian	0	1	0	0	2
Black	10	0	7	60	3
Hispanic	0	0	0	1	1
Nat. Haw./PI	0	0	0	0	0
N-R Alien	0	0	1	0	11
Two or More	0	2	1	7	1
Unknown	1	1	0	2	7
White	2	12	22	21	91
Total	13	16	31	92	116

Women	Basketball	CC/Track	Other
Am. Ind./AN	0	0	0
Asian	0	0	2
Black	10	2	7
Hispanic	0	0	1
Nat. Haw./PI	0	0	0
N-R Alien	0	3	14
Two or More	1	1	16
Unknown	1	0	3
White	1	19	121
Total	13	25	164

#Only student-athletes receiving athletics aid are included in this report.

INFORMATION ABOUT THE GRADUATION RATES REPORT

Introduction.

This information sheet and the NCAA Graduation Rates Report have been prepared by the NCAA, based on data provided by the institution in compliance with NCAA Bylaw 18.4.2.2.1 (admissions and graduation-rate disclosure) and the federal Student Right-to-Know and Campus Security Act. The NCAA will distribute this sheet and the report to prospective student-athletes and parents.

The Graduation Rates Report provides information about two groups of students at the college or university identified at the top of the form: (1) all undergraduate students who were enrolled in a full-time program of studies for a degree and (2) student-athletes who received athletics aid from the college or university for any period of time during their entering year. [Note: Athletics aid is a grant, scholarship, tuition waiver or other assistance from a college or university that is awarded on the basis of a student's athletics ability.]

The report gives graduation information about students and student-athletes entering in 2007. This is the most recent graduating class for which the required six years of information is available. The report provides information about student-athletes who received athletics aid in one or more of eight sports categories: football, men's basketball, baseball, men's track/cross country, men's other sports and mixed sports, women's basketball, women's track/cross country and other women's sports. For each of those sports categories, it includes information in six self-reported racial or ethnic groups: American Indian or Alaska Native, Asian, Black or African-American, Hispanic or Latino, Native Hawaiian or Pacific Islander, nonresident alien, two or more races, White or non-Hispanic and unknown (not included in one of the other eight groups or not available) and the total (all nine groups combined).

A graduation rate (percent) is based on a comparison of the number (N) of students who entered a college or university and the number of those who graduated within six years. For example, if 100 students entered and 60 graduated within six years, the graduation rate is 60 percent. It is important to note that graduation rates are affected by a number of factors: some students may work part-time and need more than six years to graduate, some may leave school for a year or two to work or travel, some may transfer to another college or university or some may be dismissed for academic deficiencies.

Two different measures of graduation rates are presented in this report: (1) freshman-cohort rate and (2) Graduation Success Rate (GSR). The freshman-cohort rate indicates the percentage of freshmen who entered during a given academic year and graduated within six years. The GSR adds to the first-time freshmen, those students who entered midyear, as well as student-athletes who transferred into an institution and received athletics aid. In addition, the GSR will subtract students from the entering cohort who are considered allowable exclusions (i.e., those who either die or become permanently disabled, those who leave the school to join the armed forces, foreign services or attend a church mission), as well as those who left the institution prior to graduation, had athletics eligibility remaining and would have been academically eligible to compete had they returned to the institution.

Graduation Rates Report.

1. Graduation Rates Data. The box at the top of the Graduation Rates Report provides freshman-cohort graduation rates for all students and for student-athletes who received athletics aid at this college or university. Additionally, this box provides GSR data for the population of student-athletes. [Note: Pursuant to the Student-Right-to-Know Act, anytime a cell containing cohort numbers includes only one or two students, the data in that cell and one other will be suppressed so that no individual can be identified.]

a. All Students. This section provides the freshman-cohort graduation rates for all full-time, degree-seeking students by race or ethnic group. It shows the rate for men who entered as freshmen in 2007-08, and the four-class average, which includes those who entered as freshmen 2004-05, 2005-06, 2006-07 and 2007-08. The same rates are provided for women. The total for 2007-08 is the rate for men and women combined and the four-class average is for all students who entered in 2004-05, 2005-06, 2006-07 and 2007-08.

b. Student-Athletes. This section provides the freshman-cohort graduation rates and also the GSR for student-athletes in each race and ethnic group who received athletics aid. Information is provided for men and women separately and for all student-athletes.

c. Student-Athletes by Sports Categories. This section provides the identified graduation rates as in 1-b for each of the eight sports categories. (The small letters indicate the value of N.)

2. Undergraduate Enrollment Data.

a. All Students. This section indicates the number of full-time, undergraduate, degree-seeking students enrolled for the 2013 fall term and the number of men and women in each racial or ethnic group.

b. Student-Athletes. This section identifies how many student-athletes were enrolled and received athletics aid for the 2013 fall term and the number of men and women in each racial or ethnic group.

c. Student-Athletes by Sports Categories. This section provides the enrollment data as identified in 3-b for each of the eight sports categories.

Graduation Success Rate Report

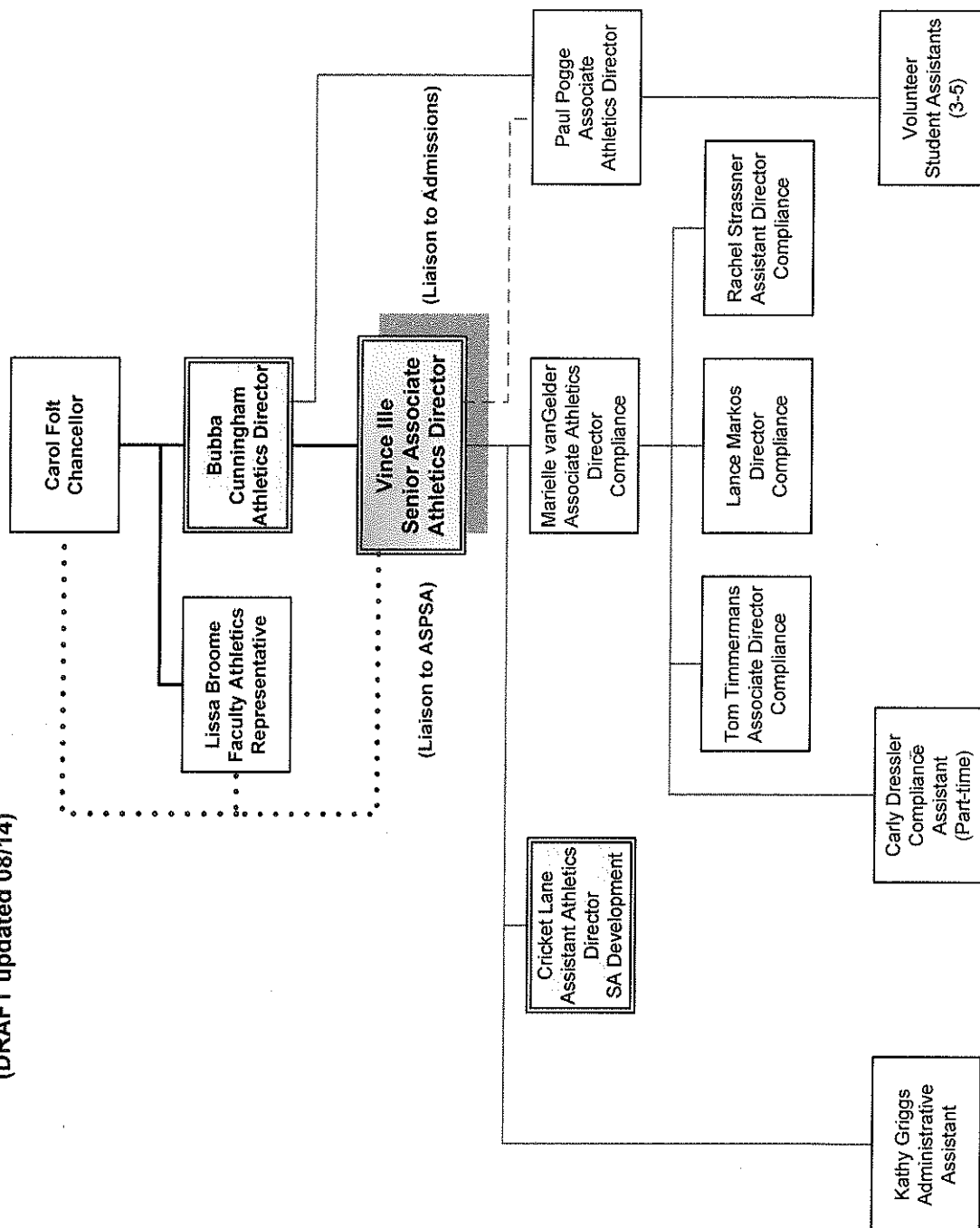
2004 - 2007 Cohorts: University of North Carolina, Chapel Hill

Men's Sports			Women's Sports		
Sport	GSR	Fed Rate	Sport	GSR	Fed Rate
Baseball	88	34	Basketball	69	64
Basketball	88	54	Bowling	-	-
CC/Track	95	76	CC/Track	92	79
Fencing	100	-	Crew/Rowing	100	88
Football	69	56	Fencing	100	-
Golf	89	89	Field Hockey	100	86
Gymnastics	-	-	Golf	100	100
Ice Hockey	-	-	Gymnastics	100	91
Lacrosse	91	83	W. Ice Hockey	-	-
Mixed Rifle	-	-	Lacrosse	96	92
Skiing	-	-	Skiing	-	-
Soccer	61	47	Soccer	79	78
Swimming	95	95	Softball	82	74
Tennis	100	86	Swimming	100	100
Volleyball	-	-	Tennis	100	86
Water Polo	-	-	Volleyball	100	82
Wrestling	80	70	Water Polo	-	-
Men's Non-NCAA Sponsor. Sports	-	-	Women's Non-NCAA Sponsor. Sports	-	-

University of North Carolina at Chapel Hill
 Department of Athletics
 Organization Chart

Compliance Office
 (DRAFT updated 08/14)

Attachment D: Organization Chart for Athletics Compliance



Attachment E:
Educational Foundation Financial
Statements

THE EDUCATIONAL FOUNDATION, INC.

Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

BACHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BACHELOR
ANN H. TILLERY
FRANKLIN T. ROBERTS
WM. JAMES BLACK, JR.
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

Independent Auditors' Report

The Executive Board of Directors
The Educational Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Educational Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batchelor, Tilley & Roberts, LLP

December 2, 2013

THE EDUCATIONAL FOUNDATION, INC.

Statements of Financial Position

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 24,167,354	43,367,732
Certificate of deposit	261,924	261,531
Investments, at fair value	30,124,440	26,719,176
Prepaid expenses and other assets	593,984	486,073
Pledges receivable, net	17,559,467	27,848,256
Capital assets constructed for University of North Carolina at Chapel Hill	-	62,311,395
Equipment, net	152,547	191,110
Cash surrender value of life insurance	1,703,459	1,666,736
Contributions receivable from split-interest agreements	<u>3,416,939</u>	<u>3,096,021</u>
Total assets	<u>\$ 77,980,114</u>	<u>165,948,030</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	1,932,178	2,988,073
Deferred revenue	967,930	999,175
Notes payable	40,051,821	64,166,304
Payables to University of North Carolina at Chapel Hill	24,033,294	24,918,495
Retirement and other benefits payable	<u>847,194</u>	<u>857,000</u>
Total liabilities	<u>67,832,417</u>	<u>93,929,047</u>
Commitments and contingencies		
Net assets:		
Unrestricted – general fund	(22,127,061)	38,992,278
Temporarily restricted – capital projects and other	10,593,742	11,974,566
Permanently restricted – sport endowments	<u>21,681,016</u>	<u>21,052,139</u>
Total net assets	<u>10,147,697</u>	<u>72,018,983</u>
Total liabilities and net assets	<u>\$ 77,980,114</u>	<u>165,948,030</u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION, INC.

Statement of Activities

Year ended June 30, 2013

	Unrestricted (general fund)	Temporarily restricted (capital projects and other)	Permanently restricted (sport endowments)	Total
Revenues, gains, and other support:				
Contributions:				
General fund	\$ 9,923,500	-	-	9,923,500
Carolina First and other	944,127	-	-	944,127
Capital projects and other	-	3,930,094	-	3,930,094
Premium seating	751,850	1,069,130	-	1,820,980
Sport endowments	-	-	639,398	639,398
Investment earnings	711,733	2,665,806	1,350	3,378,889
Net assets released from restrictions	<u>7,039,183</u>	<u>(7,039,183)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>19,370,393</u>	<u>625,847</u>	<u>640,748</u>	<u>20,636,988</u>
Expenses and losses:				
Program:				
Scholarships	1,249,937	-	-	1,249,937
Construction	2,387,652	-	-	2,387,652
Contributions - University of North Carolina at Chapel Hill	3,604,195	-	-	3,604,195
Interest	701,448	-	-	701,448
Management, general, and fundraising:				
Management and general	3,648,917	2,006,671	11,871	5,667,459
Fundraising	3,734,122	-	-	3,734,122
Member services:				
Special events and other	516,990	-	-	516,990
Game day events	1,504,201	-	-	1,504,201
Complimentary tickets	<u>367,292</u>	<u>-</u>	<u>-</u>	<u>367,292</u>
Total expenses and losses	<u>17,714,754</u>	<u>2,006,671</u>	<u>11,871</u>	<u>19,733,296</u>
Change in net assets before unusual item	1,655,639	(1,380,824)	628,877	903,692
Unusual item:				
Transfer of capital assets to University of North Carolina at Chapel Hill	<u>62,774,978</u>	<u>-</u>	<u>-</u>	<u>62,774,978</u>
Change in net assets	<u>(61,119,339)</u>	<u>(1,380,824)</u>	<u>628,877</u>	<u>(61,871,286)</u>
Net assets:				
Beginning of year	<u>38,992,278</u>	<u>11,974,566</u>	<u>21,052,139</u>	<u>72,018,983</u>
End of year	\$ <u>(22,127,061)</u>	<u>10,593,742</u>	<u>21,681,016</u>	<u>10,147,697</u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION, INC.

Statement of Activities

Year ended June 30, 2012

	Unrestricted (general fund)	Temporarily restricted (capital projects and other)	Permanently restricted (sport endowments)	Total
Revenues, gains, and other support:				
Contributions:				
General fund	\$ 11,466,177	-	-	11,466,177
Carolina First and other	998,240	-	-	998,240
Capital projects and other	-	14,681,894	-	14,681,894
Premium seating	527,714	3,479,408	-	4,007,122
Sport endowments	-	-	2,813,964	2,813,964
Investment earnings (loss)	241,623	341,589	(3,106)	580,106
Net assets released from restrictions	<u>23,623,727</u>	<u>(23,623,727)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>36,857,481</u>	<u>(5,120,836)</u>	<u>2,810,858</u>	<u>34,547,503</u>
Expenses and losses:				
Program:				
Scholarships	720,641	-	-	720,641
Construction	1,923,241	-	-	1,923,241
Contributions – University of North Carolina at Chapel Hill	1,269,528	-	-	1,269,528
Interest	17,381	-	-	17,381
Management, general, and fundraising:				
Management and general	1,693,862	656,263	130	2,350,255
Fundraising	1,899,104	-	-	1,899,104
Member services:				
Special events and other	499,322	-	-	499,322
Game day events	1,477,720	-	-	1,477,720
Complimentary tickets	<u>394,949</u>	<u>-</u>	<u>-</u>	<u>394,949</u>
Total expenses and losses	<u>9,895,748</u>	<u>656,263</u>	<u>130</u>	<u>10,552,141</u>
Change in net assets	26,961,733	(5,777,099)	2,810,728	23,995,362
Net assets:				
Beginning of year	<u>12,030,545</u>	<u>17,751,665</u>	<u>18,241,411</u>	<u>48,023,621</u>
End of year	\$ <u>38,992,278</u>	<u>11,974,566</u>	<u>21,052,139</u>	<u>72,018,983</u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION, INC.

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (61,871,286)	23,995,362
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(3,272,562)	(397,560)
Contributions receivable from split-interest agreements	(320,918)	(77,759)
Loss on disposal of equipment and leasehold improvements	675	-
Depreciation	40,368	48,782
Contributions restricted for long-term investment	(639,398)	(2,813,964)
Transfer of capital assets to University of North Carolina at Chapel Hill	62,774,978	-
Increase (decrease) in cash due to changes in:		
Prepaid expenses and other assets	(107,911)	(56,503)
Pledges receivable	10,288,789	(2,593,539)
Cash surrender value of life insurance	(36,723)	(107,878)
Accounts payable	(1,055,895)	(4,482,100)
Deferred revenue	(31,245)	460,134
Payables to University of North Carolina at Chapel Hill	(885,201)	(4,090,835)
Retirement and other benefits payable	(9,806)	(148,659)
Net cash provided by operating activities	<u>4,873,865</u>	<u>9,735,481</u>
Cash flows from investing activities:		
Purchase of investments	(202,948)	(271,335)
Proceeds from distribution of investments	69,853	-
Purchases of property and equipment	(466,063)	(18,917,446)
Net cash used in investing activities	<u>(599,158)</u>	<u>(19,188,781)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	639,398	2,813,964
(Repayments of) proceeds from issuance of notes payable	(24,114,483)	20,804,521
Net cash (used in) provided by financing activities	<u>(23,475,085)</u>	<u>23,618,485</u>
Net (decrease) increase in cash and cash equivalents	(19,200,378)	14,165,185
Cash and cash equivalents:		
Beginning of year	<u>43,367,732</u>	<u>29,202,547</u>
End of year	\$ <u>24,167,354</u>	<u>43,367,732</u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013 and 2012

(1) Nature of Activities and Significant Accounting Policies

Nature of Activities

The Educational Foundation, Inc. (the "Foundation") operates primarily to assist The University of North Carolina at Chapel Hill (the "University") in providing financial assistance to students at the University and in supporting programs at the University by providing funds for construction and equipment.

A summary of the Foundation's significant accounting policies follows:

(a) Basis of Presentation

In preparing its financial statements, the Foundation's net assets and revenues, expenses, gains, losses and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or by the passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that the assets be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the earnings on related investments for scholarship purposes or to support individual sport operating endowments.

(b) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include money market funds purchased with original maturities of three months or less. Cash and cash equivalents include restricted amounts of \$1,927,115 and \$16,891,631 as of June 30, 2013 and 2012, respectively. At times the Foundation places deposits with financial institutions that management considers to be of high-quality that may be in excess of federal insurance limits of \$250,000.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(1) Nature of Activities and Significant Accounting Policies, Continued

(d) Investments

Investments are stated at fair value based on quoted market prices or net asset value per share as provided by the respective fund managers of the investments, determined at the financial statement date. For those investments using net asset value per share as the fair value measurement, the Foundation has applied a practical expedient and concluded that the net asset value reported by the underlying fund approximates the fair value of the investment, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. Due to the nature of the underlying investments held by the various funds, changes in market conditions and the economic environment may significantly impact the net asset value of these funds, and consequently, the fair value of the Foundation's interest in these funds. The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, liquidity, foreign currency, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities (see note 3).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Foundation's gains and losses on investments bought and sold as well as held during the year.

(e) Contributions

Contributions are recognized as revenues at fair value at the time the contribution or unconditional pledge, net of estimated uncollectible amounts, is received. Contributions with donor-imposed restrictions are recorded as temporarily restricted net assets until the restrictions are met or as permanently restricted net assets. At the time that temporary restrictions are met, the contributions are reported as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(1) Nature of Activities and Significant Accounting Policies, Continued

(f) Equipment

Equipment is stated at cost, net of accumulated depreciation of \$434,063 and \$414,165 as of June 30, 2013 and 2012, respectively. The Foundation computes depreciation principally on the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

(g) Allowance for Doubtful Pledges

An allowance for doubtful pledges is established based on historical collection experience and management's estimates of the collectability of the outstanding pledges receivable. The allowance for doubtful pledges totaled \$2,000,000 and \$1,000,000 as of June 30, 2013 and 2012, respectively. The provision for uncollectible pledges included in the accompanying statements of activities was \$3,269,587 and \$656,393 for 2013 and 2012, respectively.

(h) Deferred Revenue

Deferred revenue as of June 30, 2013 and 2012 relates to funds received from donors for premium seating (see note 4(a)).

(i) Income Taxes

The Foundation is exempt from federal income taxes on related income under Internal Revenue Code 501(a) as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been made. Management of the Foundation does not believe the financial statements include any uncertain tax positions. Tax years ended June 30, 2010 through June 30, 2013 remain open for examination by taxing authorities as of the date of this report.

(2) Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Contributions expected to be received in periods greater than one year are recorded at the discounted present value of the estimated future cash flows.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(2) Pledges Receivable, Continued

Unconditional promises to give are expected to be collected in the following years:

	<u>2013</u>	<u>2012</u>
In one year or less	\$ 6,137,074	6,954,377
Between one year and five years	13,457,087	22,303,039
Greater than five years	<u>1,223,020</u>	<u>1,840,132</u>
	20,817,181	31,097,548
Less unamortized discount (5.5%)	(1,257,714)	(2,249,292)
Less allowance for doubtful pledges	<u>(2,000,000)</u>	<u>(1,000,000)</u>
	\$ <u>17,559,467</u>	<u>27,848,256</u>

(3) Investments

The carrying values of investments were as follows:

	<u>2013</u>	<u>2012</u>
Investment Fund	\$ 29,867,567	26,432,569
Other equity investments	<u>256,873</u>	<u>286,607</u>
	\$ <u>30,124,440</u>	<u>26,719,176</u>

The Foundation's holdings in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (the "Investment Fund") are pooled investments. The Investment Fund's assets are invested entirely in shares of an external investment pool, the UNC Investment Fund, LLC (the "System Fund"). As of June 30, 2013, total Investment Fund units of 301,669 had a fair value of \$7,750 per unit, and the Foundation owned 3,854 units. As of June 30, 2012, total Investment Fund units of 293,724 had a fair value of \$7,282 per unit, and the Foundation owned 3,630 units.

The Foundation can redeem its units in the Investment Fund as of the first day of any month, based on the net asset value of the Investment Fund as of the last day of the preceding month. The Investment Fund can only redeem up to 10% of its total investment in a single quarter.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(3) Investments, Continued

The following schedule summarizes investment earnings and its classification in the accompanying statements of activities:

2013				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Interest and dividend income	\$ 103,950	2,377	-	106,327
Net realized and unrealized gains	<u>607,783</u>	<u>2,663,429</u>	<u>1,350</u>	<u>3,272,562</u>
	<u>\$ 711,733</u>	<u>2,665,806</u>	<u>1,350</u>	<u>3,378,889</u>
2012				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Interest and dividend income	\$ 171,298	3,264	7,984	182,546
Net realized and unrealized gains/(losses)	<u>70,325</u>	<u>338,325</u>	<u>(11,090)</u>	<u>397,560</u>
	<u>\$ 241,623</u>	<u>341,589</u>	<u>(3,106)</u>	<u>580,106</u>

Management follows an established framework for measuring fair value, a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value is defined 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 three levels of fair value inputs that may be used to measure fair value under the hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2 – Observable inputs other than Level 1 prices 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 full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities, and certain alternative investments.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(3) Investments, Continued

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing and amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and may not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Foundation's interest therein, its classification in Level 2 or 3 is based on the Foundation's ability to redeem its interest at or near the date of the statement of financial position. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

As of June 30, 2013, the fair value of the Foundation's investments was determined based on:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Fair value
Investment Fund	\$ -	29,867,567	-	29,867,567
Other equity investments	52,396	-	204,477	256,873
	\$ <u>52,396</u>	<u>29,867,567</u>	<u>204,477</u>	<u>30,124,440</u>

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(3) Investments, Continued

As of June 30, 2012, the fair value of the Foundation's investments was determined based on:

		Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Fair value
Investment Fund	\$	-	26,432,569	-	26,432,569
Other equity investments		51,046	-	235,561	286,607
	\$	<u>51,046</u>	<u>26,432,569</u>	<u>235,561</u>	<u>26,719,176</u>

The activity for investments measured at fair value based on significant unobservable information is as follows:

	<u>2013</u>	<u>2012</u>
Other equity investments:		
Beginning balance	\$ 235,561	330,157
Purchases	34,500	-
Distributions	(69,853)	-
Total net unrealized gains (losses)	<u>4,269</u>	<u>(94,596)</u>
Ending balance	\$ <u>204,477</u>	<u>235,561</u>

(4) Related Party Transactions

(a) Premium Seating Revenues and Pledges Receivable

The Foundation and the University have a collaborative relationship regarding the premium seating in Kenan Stadium. Statements of Intent for premium seating in Kenan Stadium and Blue Zone Seat License and Suite License Agreements between the University and seat holders require the purchaser to make a contribution to the Foundation to have the right to purchase football season tickets in premium seating areas from the University and allow the purchaser to use the premium seating common areas and enjoy associated amenities (beverages, food, etc.). Payments are made under these agreements to the Foundation over three, five or ten year periods. The Foundation has estimated the value of the benefits (amenities) associated with these premium seating areas and will recognize that portion of the required payments as income when the amenities are provided to the seat holders. Revenues for amenities provided to seat holders of \$751,850 and \$527,714 were recognized in the accompanying statement of activities for 2013 and 2012, respectively. Payments received related to estimated amenities for future football seasons in the amounts of \$967,930 and \$999,175 are recorded as deferred revenue in the accompanying statements of financial position for 2013 and 2012, respectively.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(4) Related Party Transactions, Continued

(a) Premium Seating Revenues and Pledges Receivable, Continued

Total new pledges from premium seat holders having signed Statements of Intent or License Agreements were \$936,982 and \$4,216,031 for 2013 and 2012, respectively. In 2013 and 2012, respectively, \$1,069,130 and \$3,479,408 of these total new pledge revenues was recognized as contribution income in the accompanying statements of activities for these new pledge revenues that were not attributable to estimated amenities, along with the amortization of the discount on previously recorded pledges receivable. Future payments due to the Foundation under these premium seating agreements that are not attributable to estimated amenities have been recorded as pledges receivable at the present value of the estimated future cash inflows using a discount rate of 5.5% in 2013 and 2012 and totaled \$5,802,457 and \$7,792,543 as of June 30, 2013 and 2012, respectively.

(b) Payables to the University of North Carolina at Chapel Hill

The Foundation entered into two pledge agreements with the University to provide additional funds to the University totaling \$11,999,000 payable over an eight-year period commencing in July 2007 to enable the University to discharge certain financial obligations incurred by the University. During 2012, certain of the University's underlying financial obligations ceased, thereby relieving the Foundation of their corresponding future liability. The remaining payable to the University totaling \$750,227 and \$1,108,199 as of June 30, 2013 and 2012, respectively, has been recorded at the present value of the estimated future cash outflows using a discount rate of 5.5% in 2013 and 2012. As a result of the cessation of certain obligations as noted above, income of \$2,368,048 is offset against contributions expense in the accompanying statements of activities for 2012. The expense related to these payables totaled \$251,113 for 2013.

The Foundation periodically enters into arrangements with the University Athletic Department to fund certain expenses on their behalf. Under the terms of these agreements, certain costs incurred by the Foundation during 2013 and 2012 were reimbursed by the Athletic Department's payment of a portion of the Foundation's obligations to the University noted in the paragraph above.

In 2007, the Foundation approved a request from the University for a contribution of up to \$5,000,000 from the Foundation's restricted matching gift account toward the construction of the Bell Tower Parking Deck. This contribution was conditioned upon the availability of future gifts and interest from the matching gift account. As of June 30, 2013 and 2012 respectively, the Foundation recorded a payable related to the Bell Tower Deck contribution to the University of \$241,113 and \$379,546 for the gifts and interest received by the Foundation during these fiscal years that had not been contributed to the University as of year-end and these amounts were also included in contributions expense in the accompanying statements of activities.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(4) Related Party Transactions, Continued

(b) Payables to the University of North Carolina at Chapel Hill, Continued

In 2008, the Foundation entered into a pledge agreement with the University in order to reimburse the University for certain costs incurred for renovations to one of the University's astroturf playing surfaces. Under this pledge agreement, the Foundation agreed to undertake a targeted fundraising campaign for an additional \$400,000 towards this project and to contribute these amounts as funds are collected with the entire amount due and payable no later than June 30, 2013. In 2013, the parties extended the term of the pledge agreement through June 30, 2015. The remaining payable to the University totaling \$186,266 as of June 30, 2013 has been recorded at the present value of estimated future cash outflows using a discount rate of 5.5%. The remaining payable of \$209,620 as of June 30, 2012 was not discounted as it was due within one year under the terms of the agreement at that time. The extension of the pledge agreement as noted above resulted in income of \$20,954 which is included in contribution expense in the accompanying statements of activities for 2013. The expense related to this payable totaled \$21,322 for 2012.

In September 2010, the University, acting on behalf of the State of North Carolina pursuant to the terms of the Ground Lease agreement dated November 2009, purchased the Kenan Stadium Phase I improvements and certain design costs related to Phase II renovations for a total purchase price of \$25,000,000. The University issued general revenue bonds in connection with this purchase. The Foundation has an informal understanding with the University that it will make annual payments to the University to fund the debt service requirements related to this bond issuance which began in November 2010. This payable to the University totaling \$22,855,688 and \$23,221,130, respectively, as of June 30, 2013 and 2012 has been recorded at the present value of the estimated future cash outflows using a discount rate of 5.5%. The amortization of the related discount totaled \$1,265,089 and \$1,288,178 for 2013 and 2012, respectively, and is included as contribution expense in the accompanying statements of activities.

These payables to the University are expected to be paid in the following periods:

	<u>2013</u>	<u>2012</u>
In one year or less	\$ 2,279,582	2,626,840
Between one year and five years	7,133,179	7,335,871
Greater than five years	<u>35,540,325</u>	<u>37,168,882</u>
	44,953,086	47,131,593
Less unamortized discount, with a discount rate of 5.5%	<u>(20,919,792)</u>	<u>(22,213,098)</u>
	\$ <u>24,033,294</u>	<u>24,918,495</u>

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(4) Related Party Transactions, Continued

(c) Other

The salaries and benefits of the Foundation's employees are paid by the University, and the Foundation reimburses the University in full for these expenses. These reimbursements are included in management and general and fundraising expenses in the accompanying statements of activities and totaled \$1,745,053 and \$1,976,256 for 2013 and 2012, respectively. As of June 30, 2013 and 2012, the Foundation owed the University \$189,648 and \$192,511 respectively for such expenses, with such amounts included in accounts payable.

The Foundation also maintains a nonqualified retirement plan to provide supplemental retirement benefits for certain of these employees. The associated retirement plan expenses (benefits) are recognized in management and general expenses in the accompanying statements of activities as services are rendered by the covered employees and totaled \$29,605 and (\$183,091) for 2013 and 2012, respectively. The retirement and other related death benefit liabilities totaling \$847,194 and \$857,000 as of June 30, 2013 and 2012, respectively, have been recorded in accordance with FASB's Emerging Issues Task Force Issue No. 06-4, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*. These liabilities are to be funded with the life insurance policies maintained by the Foundation. The cash surrender value of life insurance policies related to the supplemental retirement program held as of June 30, 2013 and 2012 was \$1,703,459 and \$1,666,736, respectively. The gross face value of the seven policies held by the Foundation was \$5,237,521 and \$4,156,869 as of June 30, 2013 and 2012, respectively. Assumptions used to determine the retirement benefit liability and related costs as of June 30, 2013 and 2012 were as follows:

Discount rate	5.5	%
Rate of compensation increase	4.0 - 5.0	%

The Board of Trustees of The Educational Foundation Scholarship Endowment Trust (the "Trust") appropriates a portion of the net appreciation on its assets to the Foundation on an annual basis. The distribution from the Trust to the Foundation was \$9,333,684 and \$8,917,172 in 2013 and 2012, respectively. The Foundation forwards those funds to the University to provide financial assistance to students at the University. Accordingly, these amounts have not been included in the revenues and expenses of the Foundation in the accompanying statements of activities as the Foundation was acting in its capacity as an agent for the Trust, with respect to the annual endowment distribution made by the Trust, as defined in FASB ASC Topic 958, *Not-for-Profit Entities*.

The Foundation made contributions to the University of \$1,867,834 and \$1,329,693 for 2013 and 2012, respectively, to fund specific requests made by the University.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(4) Related Party Transactions, Continued

(c) Other, Continued

The Foundation provides complimentary tickets for athletic events to some of its contributors. Payments for these tickets are made to the University and totaled \$367,292 and \$394,949 in 2013 and 2012, respectively.

From time to time, the Foundation will conduct limited fundraising campaigns for capital projects constructed by the University. Contributions related to such projects totaled \$618,837 in 2012, and have been recorded as contribution expense in the accompanying statements of activities. No such campaigns were conducted in 2013.

Periodically, the Foundation also provides support to the University for other various construction programs. Support for these programs has been recorded as construction expense in the accompanying statements of activities and totaled \$2,387,652 and \$1,923,241 in 2013 and 2012, respectively.

In December 2007, the Foundation moved into offices located in the Ernie Williamson Athletics Center on the campus of the University. The University does not charge the Foundation to occupy this space on campus. The estimated fair value of the rental expense associated with the occupancy of the approximately 9,900 square feet of on-campus office space of \$246,700 has been included in the 2013 and 2012 statements of activities as both an unrestricted contribution to the Foundation and as management and general expense.

(5) Capital Projects

In March 2010, the Foundation committed to incur construction costs of up to \$70,000,000 towards Phase II of a renovation of Kenan Stadium including the demolition of the existing field house in the east end zone and construction of the Loudermilk Center for Excellence (housing student-athlete academic support services and weight training areas) and the Blue Zone (additional premium seating including 20 suites and two club levels). \$7,000,000 of planning and early site work costs associated with Phase II were financed under a previous credit facility associated with Phase I and were purchased by the University in 2011 (see note 4b).

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(5) Capital Projects, Continued

The Foundation entered into a Ground Lease agreement with the University dated March 18, 2011 (the "Phase II Ground Lease") which required the University to purchase the remaining improvements related to Phase II of the Kenan Stadium renovations in an amount not to exceed \$63,000,000. Certain provisions of the Phase II Ground Lease relating to the payment method for the purchase price were amended by letter agreement between the parties dated July 10, 2012. The University purchased the Phase II improvements in December 2012. In connection with the purchase, the Board of Governors of the University of North Carolina issued a general revenue bond to the Foundation with a maturity date corresponding to the maturity date of the construction loan agreement for Phase II (see note 11). Upon realization of any proceeds from the general revenue bond, the Foundation is obligated to forward such proceeds to the lender to satisfy any remaining balance of the construction loan in full. The Foundation also expects to make annual payments to the University to fund the future debt service requirements related to the general revenue bond. As a result, the Foundation recorded a transfer of capital assets to the University of \$62,774,978 related to Phase II of the Kenan Stadium renovation in the accompanying statement of activities for the year ended June 30, 2013. The transfer to the University of the Phase II project occurred while the fundraising related to project is ongoing, which led to the current deficit in unrestricted net assets in the accompanying statement of financial position as of June 30, 2013. New pledges towards this project and renewals of Blue Zone Seat and Suite Licenses will continue to occur in future years and as such amounts are collected, temporarily restricted net assets will be released to unrestricted net assets, thus reducing the current deficit. During that period, management expects to have sufficient cash flow to fund its operations. Total construction costs incurred by the Foundation related to the Phase II renovations of \$62,311,395 as of June 30, 2012 were capitalized as capital assets constructed for the University in the accompanying statement of financial position.

In December 2010, the Foundation committed to a renovation and expansion of the Finley Golf Course clubhouse. The Foundation's commitment specified that construction costs should not exceed the amount of cash contributions received by donors toward this project as of June 30, 2013. At that time, the estimated commitment was \$3,042,295. In October 2012, the Foundation increased its commitment to this project to \$3,650,000. Construction on this project began in the fall of 2011 and the project was substantially completed in August 2012. Total construction payments on this project were \$1,496,572 and \$1,745,917 for 2013 and 2012, respectively, and are included as construction expense in the accompanying statements of activities. The maximum outstanding capital project commitment for this project was \$24,267 and \$824,302 as of June 30, 2013 and 2012, respectively.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2013</u>	<u>2012</u>
Sports programs	\$ 4,554,733	2,937,416
Capital and other projects	236,552	1,244,607
For periods after year end	<u>5,802,457</u>	<u>7,792,543</u>
	<u>\$ 10,593,742</u>	<u>11,974,566</u>

Net assets of \$7,039,183 and \$23,623,727 were released from donor restrictions by incurring construction and other project expenses satisfying the restricted purposes specified by donors for 2013 and 2012, respectively.

(7) Contributions Receivable from Split-Interest Agreements

The Foundation has been named as a beneficiary in numerous charitable remainder trusts and split-interest agreements in which the Foundation is not the trustee. When the Foundation is notified of the existence of a trust or other split-interest agreement, a receivable and contribution revenue are recorded at the present value of the estimated future cash receipts expected to be received by the Foundation. It is the Foundation's policy not to record contributions receivable from split-interest agreements if the agreement is revocable or if the donor retains the unilateral right to change beneficiaries.

At the end of each fiscal year, the fair value of the contributions receivable from split-interest agreements is determined by using the fair values of the underlying assets at that date and reevaluating the estimated future cash receipts expected to be received by the Foundation utilizing estimated discount rates, future rates of return and mortality tables. Contributions receivable from split-interest agreements totaled \$3,416,939 and \$3,096,021 as of June 30, 2013 and 2012, respectively. Changes in the fair value of the split-interest agreements of \$320,918 and \$77,759 for 2013 and 2012, respectively, were recognized in the accompanying statements of activities through unrestricted, temporarily and permanently restricted contributions revenue.

Due to the level of risk associated with certain underlying trust assets, it is reasonably possible that changes in the values of investment securities held by the trusts will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(8) Sport Endowments and Other Permanently Restricted Activities

Permanently restricted net assets totaled \$21,681,016 and \$21,052,139 as of June 30, 2013 and 2012, respectively. These net assets are restricted to support the operating budgets of the twenty-eight individual sports programs at The University of North Carolina at Chapel Hill. Permanently restricted net assets are restricted to investment in perpetuity, and the income from these assets is expendable to provide operational support for the designated sports programs. The Head Coach of each sport program and the Athletic Director determine the purposes for the operational support which may include, but are not limited to, facility improvements, increased recruiting budgets, coaching staff salary supplements and other such purposes, subject to state, federal and NCAA regulations.

(9) Management and Investment of Donor-Restricted Endowments

Effective March 14, 2009, the Foundation's management and investment of donor-restricted endowment funds became subject to the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Prior to this time, endowed funds were subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). UMIFA, in effect in North Carolina since 1985, provided a prudent standard for the spending of the net appreciation of a donor-restricted endowment fund and imposed a spending floor of an endowment's book value (referred to as historic dollar value in UMIFA). UPMIFA provides, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the institution to spend from an endowment fund without regard to the book value of the corpus of the fund. This flexibility under UPMIFA allows an expenditure that lowers the value of the corpus of an endowment fund below its book value, which was not allowed under UMIFA.

The Foundation decided to follow the policy adopted by the University concerning the provisions of UPMIFA. For endowments where market value has declined below the book value, this policy indicates that the Foundation shall examine the endowment-supported activity for the upcoming fiscal year for possible deferment of program expenses, and then pursue alternative funding for essential activities, and finally shall consult with donors regarding other funding options. Invasion of endowment principal is an option of last resort. Generally, the original value of all donor-restricted endowed gifts are recorded as permanently restricted net assets and any investment returns earned on endowed assets are recorded as increases or decreases to temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence described by UPMIFA. There were no donor-restricted endowments as of June 30, 2013 with market values below book value. The market value for 1 of the 33 donor-restricted endowments as of June 30, 2012 had fallen below book value as a result of unfavorable market fluctuations. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported as unrestricted net assets were (\$5,084) as of June 30, 2012.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(9) Management and Investment of Donor-Restricted Endowments, Continued

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for its programs while seeking to maintain the stability of the endowment assets. For the Foundation assets invested in the Investment Fund as described in notes 3 and 14, the Foundation has adopted the investment policies established by the Board Directors of the Investment Fund and the System Fund. Under this policy, as approved by the Foundation, the endowment assets are invested in a manner that is intended to earn an average real total return of at least 5.5% per year, net of all fees, over rolling five and ten year periods. The distribution policy is to provide a stable source of spending support that is sustainable over the long-term while preserving the purchasing power of the invested funds. The distribution rate was established at 5% of market value in 2000, with annual increases in later years based on inflationary factors. Each year's distribution is subject to a 4% floor and a 7% cap based on estimated previous fiscal year-end market value. The Foundation expects its endowment funds, over long time periods, to provide an average annual real rate-of-return of approximately 5.5%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a long term strategy to preserve the real purchasing power of the endowment, while providing a predictable, stable and constant (in real terms) stream of earnings while reducing volatility. The Foundation targets a diversified asset allocation with emphasis on investment manager selection to achieve its long-term return objectives within prudent risk constraints.

A reconciliation of the beginning and ending balance of the Foundation's endowment investments (exclusive of pledges), which are all donor-restricted endowment funds, in total and by net asset class, is as follows:

	2013			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowments, beginning of year	\$ (5,084)	1,659,337	17,832,082	19,486,335
Interest and dividend income	-	1,546	-	1,546
Reinvested payout	-	338,030	-	338,030
Gains on perpetual funds with a deficiency	5,084	(5,084)	-	-
Net unrealized and realized investment gain	-	1,769,353	-	1,769,353
Contributions	-	-	1,323,474	1,323,474
Transfer of endowment assets for expenditure	-	(480,575)	-	(480,575)
Endowments, end of year	\$ <u>-</u>	<u>3,282,607</u>	<u>19,155,556</u>	<u>22,438,163</u>

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(9) Management and Investment of Donor-Restricted Endowments, Continued

	2012			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowments, beginning of year	\$ (11,808)	2,177,005	16,309,940	18,475,137
Interest and dividend income	-	2,183	-	2,183
Reinvested payout	-	127,077	-	127,077
Gains on perpetual funds with a deficiency	6,724	(6,724)	-	-
Net unrealized and realized investment loss	-	(173,202)	-	(173,202)
Contributions	-	-	1,522,142	1,522,142
Transfer of endowment assets for expenditure	-	(467,002)	-	(467,002)
Endowments, end of year	\$ <u>(5,084)</u>	<u>1,659,337</u>	<u>17,832,082</u>	<u>19,486,335</u>

(10) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and the cash surrender value of life insurance approximate fair value because of the terms and relatively short maturity of these financial instruments. The carrying amounts of pledges receivable and contributions receivable from split-interest agreements approximate fair value because these instruments are recorded at the estimated net present value of future cash flows. Investments are carried at fair value.

The carrying amounts of notes payable approximate fair value because these instruments are variable rate debt. The carrying amounts of accounts payable and payables to the University of North Carolina at Chapel Hill also approximate fair value.

(11) Line of Credit Facilities

In November 2006, the Foundation entered into an unsecured nonrevolving line of credit agreement under which the Foundation was permitted to borrow up to \$15,000,000 to fund certain construction expenses related to the Ernie Williamson Athletics Center and the Boshamer Renovation project. Borrowings under the line bore interest annually at a variable rate equal to the LIBOR Market Index Rate plus 0.40% (0.40% as of June 30, 2012). Quarterly interest-only payments were due beginning in the first quarter during which the Foundation draws down upon the line of credit. This line of credit facility was paid in full on June 26, 2012 and this credit facility was extinguished.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(11) Line of Credit Facilities, Continued

In May 2010, the Foundation executed a construction loan agreement whereby the Foundation may borrow up to \$7,050,000 to fund certain construction expenses related to the renovation of the basketball offices in the Dean E. Smith Center. Borrowings under this loan arrangement will bear interest annually at a variable rate equal to the one month LIBOR plus 1%, subject to a minimum rate of 1.4% (1.4% as of June 30, 2013 and 2012). Quarterly interest-only payments were due beginning July 1, 2011, with principal payments required quarterly commencing on the first day of the month following the Foundation's receipt of the certificate of occupancy on the project and continuing quarterly thereafter with all principal and interest due on May 20, 2015. As of June 30, 2013 and 2012, the Foundation had made draws on this construction loan of \$4,950,386, with principal repayments made during 2013 and 2012, leaving a balance due on the loan of \$1,458,730 and \$2,657,030 as of June 30, 2013 and 2012, respectively. Subsequent to June 30, 2013, the Foundation made additional principal payments of \$105,140 on this loan.

In August 2010, the Foundation executed a construction loan agreement whereby the Foundation may borrow up to \$63,000,000 to fund certain construction expenses related to Phase II of the Kenan Stadium renovation project. Borrowings under the line will bear interest annually at a variable rate equal to the LIBOR Market Index Rate plus 1%, subject to a minimum rate of 1.4% (1.4% as of June 30, 2013 and 2012). Quarterly interest-only payments were due beginning August, 2010, with principal payments required quarterly commencing in December, 2012 (see note 5), in the amount equal to capital campaign pledges collected by the Foundation since the last principal payment date with all principal and interest due on August 18, 2016. As of June 30, 2013 and 2012, the Foundation had made draws of \$62,393,376 and \$61,509,274, respectively on this construction loan, with principal repayments made during 2013 of \$23,800,285, leaving a balance due on the loan of \$38,593,091 and \$61,509,274 as of June 30, 2013 and 2012, respectively. Subsequent to June 30, 2013, the Foundation made additional principal payments on this loan of \$3,089,272.

During 2013, the Foundation incurred and paid total interest on its lines of credit of \$729,587, of which \$28,139 was expensed as part of the ongoing Smith Center construction project and \$701,448 was expensed as it relates to Phase II of the Kenan Stadium renovation project. During 2012, the Foundation incurred and paid total interest on its lines of credit of \$849,082, of which \$781,553 was capitalized to capital assets constructed for purchase by the University, \$50,148 was expensed as part of the ongoing Smith Center construction project, and \$17,381 was expensed as it relates to the completed Boshamer construction project.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(12) Lease Commitments

The Foundation leases certain equipment under various operating leases. Rent and lease expense under these operating leases was \$42,418 and \$42,568 for 2013 and 2012, respectively.

As of June 30, 2013, future minimum lease payments under the noncancelable operating leases are as follows:

<u>Year ending June 30:</u>	
2014	\$ 41,788
2015	25,288
2016	6,497
2017	4,860
2018	<u>1,620</u>
	\$ <u>80,053</u>

(13) Subsequent Events

In connection with the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America, the Foundation considered for adjustment to the financial statements or disclosure subsequent events that occurred after the statement of financial position date of June 30, 2013 through December 2, 2013, which was the date the financial statements were available to be issued.

(14) External Investment Pool – The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc.

Substantially all of the Foundation's investment assets are held in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (the "Investment Fund"), which is a governmental not-for-profit organization established as a separate incorporated investment fund pool. The pool is utilized to manage the investments of the Endowment Fund of the University of North Carolina at Chapel Hill (the "University"), and other charitable, not-for-profit foundations, associations, trusts, endowments, and funds organized and operated external to the University.

All of the assets of the Investment Fund are invested in the UNC Investment Fund, LLC (the "System Fund"), an investment pool. The System Fund was organized in December 2002 as a North Carolina limited liability company to engage in the business of acquiring, holding and disposing of property for investment purposes on behalf of its members. Members may include The University of North Carolina and its constituent institutions and their related endowments and tax-exempt foundations.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(14) External Investment Pool – The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc., Continued

The System Fund is designed to allow members to pool their resources and invest collectively in investment opportunities identified, structured and arranged by UNC Management Company, Inc. (the “Management Company”). The System Fund has not been registered under the Securities Act of 1933, as amended, or the securities laws or any state or other jurisdiction, nor is such registration contemplated. The System Fund’s financial statements for the years ended June 30, 2013 and 2012 have been audited by an independent auditor who issued an unqualified opinion dated September 26, 2013. Audited financial statements for the System Fund may be obtained by sending a request to uncmc@uncmc.unc.edu. The System Fund’s primary office is located at the following address: UNC Management Company, Inc., 1400 Environ Way, Chapel Hill, North Carolina 27517.

The System Fund accounts for its investments at fair value in accordance with Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair values of all debt and equity securities with readily determinable fair values are based on quoted prices. Based on the System Fund’s audited financial statements, investments for which a readily determinable fair value does not exist include investments in venture capital, hedge funds and limited partnerships for which the underlying securities may include marketable debt and equity securities. These investments are carried at estimated fair values as provided by the respective fund managers. The Management Company reviews and evaluates the values provided by the fund managers as well as the valuation methods and assumptions used in determining the fair value of such investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

THE EDUCATIONAL FOUNDATION, INC.

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(14) External Investment Pool – The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc., Continued

Based on the System Fund's audited financial statements, the investments of the System Fund are summarized by type as follows as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Debt securities:		
U.S. Treasuries	\$ 19,302,803	13,369,869
U.S. Agencies	7,253,954	8,383,181
Mortgage pass throughs	2,113,021	-
Collateralized mortgage obligations	19,563,951	19,926,042
Asset-backed securities	18,024,413	5,151,568
Debt mutual funds	75,120,493	100,650,854
Money market mutual funds	111,539,220	105,509,943
Domestic corporate bonds	<u>3,669,080</u>	<u>3,736,427</u>
	256,586,935	256,727,884
Other securities:		
International equity index funds	85,474,650	170,292,081
Equity index funds	8,703,319	35,683,517
Real estate investment trust	27,420,103	786,892
Long/short hedge funds	637,594,642	635,373,594
Diversifying hedge funds	348,227,261	353,975,475
Hedge funds in liquidation	19,272,097	4,214,146
Long only hedge funds	772,361,801	435,877,863
Private equity limited partnerships	712,297,964	686,430,328
Real assets limited partnerships	482,988,947	457,012,502
Domestic stocks	164,755,588	129,849,914
Foreign stocks	10,397,318	143,378
Other	<u>-</u>	<u>2,021</u>
Total System Fund pool investments	\$ <u>3,526,080,625</u>	<u>3,166,369,595</u>

**Attachment F: Educational Foundation Scholarship
Endowment Trust Financial Statements**

**THE EDUCATIONAL FOUNDATION
SCHOLARSHIP ENDOWMENT TRUST**

Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
ANN H. TILLERY
FRANKLIN T. ROBERTS
WM. JAMES BLACK, JR.
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

Independent Auditors' Report

The Board of Trustees
The Educational Foundation
Scholarship Endowment Trust:

Report on the Financial Statements

We have audited the accompanying financial statements of The Educational Foundation Scholarship Endowment Trust (the "Trust") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batchelor, Tillery & Roberts, LLP

October 14, 2013

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Statements of Financial Position

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 10,658,671	10,946,509
Pledges receivable, net of allowances for doubtful pledges	2,431,585	2,940,447
Contributions receivable from split-interest agreements	3,460,383	3,171,158
Investments	181,548,799	168,513,595
Cash value of life insurance	<u>2,302,019</u>	<u>1,875,756</u>
Total assets	\$ <u>200,401,457</u>	<u>187,447,465</u>
<u>Liabilities and Net Assets</u>		
Liabilities – annuities payable	<u>62,088</u>	<u>66,865</u>
Commitments		
Net assets:		
Temporarily restricted	91,115,799	80,308,678
Permanently restricted	<u>109,223,570</u>	<u>107,071,922</u>
Total net assets	<u>200,339,369</u>	<u>187,380,600</u>
Total liabilities and net assets	\$ <u>200,401,457</u>	<u>187,447,465</u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Statement of Activities

Year ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions	\$ -	-	2,376,348	2,376,348
Actuarial adjustment of annuities payable	-	4,777	-	4,777
Endowment investment return designated for current operations	-	9,342,999	-	9,342,999
Net assets released from restrictions	<u>9,342,999</u>	<u>(9,342,999)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>9,342,999</u>	<u>4,777</u>	<u>2,376,348</u>	<u>11,724,124</u>
Expenses and losses:				
Scholarship expense distribution	9,333,684	-	-	9,333,684
Annuity payments	9,315	-	-	9,315
Other expense/loss	<u>-</u>	<u>-</u>	<u>224,700</u>	<u>224,700</u>
Total expenses and losses	<u>9,342,999</u>	<u>-</u>	<u>224,700</u>	<u>9,567,699</u>
Change in net assets before other changes	-	4,777	2,151,648	2,156,425
Other changes – endowment investment return in excess of amounts designated for current operations	<u>-</u>	<u>10,802,344</u>	<u>-</u>	<u>10,802,344</u>
Change in net assets	-	10,807,121	2,151,648	12,958,769
Net assets:				
Beginning of year	<u>-</u>	<u>80,308,678</u>	<u>107,071,922</u>	<u>187,380,600</u>
End of year	<u>\$ -</u>	<u>91,115,799</u>	<u>109,223,570</u>	<u>200,339,369</u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Statement of Activities

Year ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions	\$ -	-	2,480,882	2,480,882
Actuarial adjustment of annuities payable	-	25,933	-	25,933
Endowment investment return designated for current operations	-	8,925,363	-	8,925,363
Net assets released from restrictions	<u>8,925,363</u>	<u>(8,925,363)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>8,925,363</u>	<u>25,933</u>	<u>2,480,882</u>	<u>11,432,178</u>
Expenses and losses:				
Scholarship expense distribution	8,917,172	-	-	8,917,172
Annuity payments	8,191	-	-	8,191
Other expense/loss	<u>-</u>	<u>-</u>	<u>530,067</u>	<u>530,067</u>
Total expenses and losses	<u>8,925,363</u>	<u>-</u>	<u>530,067</u>	<u>9,455,430</u>
Change in net assets before other changes	-	25,933	1,950,815	1,976,748
Other changes – endowment investment return, net of amounts designated for current operations	<u>-</u>	<u>(5,568,902)</u>	<u>-</u>	<u>(5,568,902)</u>
Change in net assets	-	(5,542,969)	1,950,815	(3,592,154)
Net assets:				
Beginning of year	<u>-</u>	<u>85,851,647</u>	<u>105,121,107</u>	<u>190,972,754</u>
End of year	\$ <u>-</u>	<u>80,308,678</u>	<u>107,071,922</u>	<u>187,380,600</u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,958,769	(3,592,154)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(20,145,343)	(3,356,207)
Contributions restricted for long-term investment	(2,376,348)	(2,480,882)
Increase (decrease) in cash due to changes in:		
Pledges receivable	508,862	1,096,841
Contributions receivable from split-interest agreements	(289,225)	(229,585)
Cash value of life insurance	(426,263)	88,045
Annuities payable	(4,777)	(25,933)
Net cash used in operating activities	<u>(9,774,325)</u>	<u>(8,499,875)</u>
Cash flows from investing activities:		
Purchase of investments	(2,452,408)	(2,808,787)
Proceeds from sales of investments	9,562,547	9,406,390
Net cash provided by investing activities	<u>7,110,139</u>	<u>6,597,603</u>
Cash flows from financing activities-		
proceeds from contributions restricted for investment in endowment	<u>2,376,348</u>	<u>2,480,882</u>
Net (decrease) increase in cash and cash equivalents	(287,838)	578,610
Cash and cash equivalents:		
Beginning of year	<u>10,946,509</u>	<u>10,367,899</u>
End of year	\$ <u><u>10,658,671</u></u>	<u><u>10,946,509</u></u>

See accompanying notes to financial statements.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements

June 30, 2013 and 2012

(1) Nature of Activities and Significant Accounting Policies

Nature of Activities

The Educational Foundation Scholarship Endowment Trust (the "Trust") operates solely to assist The University of North Carolina at Chapel Hill (the "University") in providing financial assistance to students at the University. On an annual basis, the Board of Trustees of the Trust appropriates a portion of the net appreciation on its assets to The Educational Foundation, Inc. (the "Foundation") in its capacity as agent for the Trust. The distributions from the Trust to the Foundation were \$9,333,684 in 2013 and \$8,917,172 in 2012. The Foundation then forwards these funds to the University to provide financial assistance to students at the University.

A summary of the Trust's significant accounting policies follows:

(a) Basis of Presentation

In preparing its financial statements, the Trust's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Trust and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or by the passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that the assets be maintained permanently by the Trust. Generally, the donors of these assets permit the Trust to use all or part of the earnings on related investments for scholarship purposes.

(b) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit and money market funds purchased with original maturities of three months or less. Cash and cash equivalents totaled \$10,658,671 and \$10,946,509 as of June 30, 2013 and 2012, respectively. At times, the Trust places deposits with high-quality financial institutions that may be in excess of federal insurance limits of \$250,000.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(1) Nature of Activities and Significant Accounting Policies, Continued

(d) Investments

Investments are stated at fair value based on quoted market prices or net asset value per share as provided by the respective fund managers of the investments, determined at the financial statement date. For those investments using net asset value per share as the fair value measurement, the Trust has applied a practical expedient and concluded that the net asset value reported by the underlying fund approximates the fair value of the investment, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. Due to the nature of the underlying investments held by the various funds, changes in market conditions and the economic environment may significantly impact the net asset value of these funds, and consequently, the fair value of the Trust's interest in these funds. The Trust utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, liquidity, foreign currency, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Trust's gains and losses on investments bought and sold as well as held during the year.

(e) Contributions

Contributions are recognized as revenues at fair value at the time the contribution or unconditional pledge, net of estimated uncollectible amounts, is received. Contributions with donor-imposed restrictions are recorded as temporarily restricted net assets until the restrictions are met or as permanently restricted net assets. At the time that temporary restrictions are met, the contributions are reported as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the period in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(1) Nature of Activities and Significant Accounting Policies, Continued

(f) Allowance for Doubtful Pledges

An allowance for doubtful pledges is established based on historical collection experience and management's estimates of the collectibility of the outstanding pledges receivable. The allowance for doubtful pledges totaled \$750,000 as of June 30, 2013 and 2012. The provision for uncollectible pledges included in the accompanying statements of activities was \$224,700 and \$530,067 for 2013 and 2012, respectively.

(g) Income Taxes

The Trust is exempt from Federal income taxes on related income under Internal Revenue Code 501(a) as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been made. Management of the Trust does not believe the financial statements include any significant uncertain tax positions. Tax years ended June 30, 2010 through June 30, 2013 remain open for examination by taxing authorities as of the date of this report.

(h) Scholarship Expense

Scholarship expense is recorded when the Trust has committed scholarship funds to the Foundation, in its capacity as agent for the Trust, for financial assistance for the current school year.

(2) Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Contributions expected to be received in periods greater than one year are recorded at the discounted present value of the estimated future cash flows.

Unconditional promises to give are expected to be collected in the following periods:

	<u>2013</u>	<u>2012</u>
In one year or less	\$ 1,958,193	1,589,416
Between one year and five years	1,314,637	2,119,153
Greater than five years	-	75,000
	<u>3,272,830</u>	<u>3,783,569</u>
Less unamortized discount (5.5%)	(91,245)	(93,122)
Less allowance for doubtful pledges	<u>(750,000)</u>	<u>(750,000)</u>
	<u>\$ 2,431,585</u>	<u>2,940,447</u>

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(3) Contributions Receivable from Split-Interest Agreements

The Trust has been named as a beneficiary in numerous charitable remainder trusts and split-interest agreements in which the Trust is not the trustee. When the Trust is notified of the existence of a trust or other split-interest agreement, a receivable and contribution revenue are recorded at the present value of the estimated future cash receipts expected to be received by the Trust. It is the Trust's policy not to record contributions receivable from split-interest agreements if the agreement is revocable or if the donor retains the unilateral right to change beneficiaries.

At the end of each fiscal year, the fair value of the contributions receivable from split-interest agreements is determined by using the fair values of the underlying assets at that date and re-evaluating the estimated future cash receipts expected to be received by the Trust utilizing estimated discount rates, future rates of return and mortality tables. Contributions receivable from split-interest agreements totaled \$3,460,383 and \$3,171,158 as of June 30, 2013 and 2012, respectively. Changes in the fair value of the split-interest agreements of \$289,225 and \$229,585 for 2013 and 2012, respectively, were recognized in the accompanying statements of activities through permanently restricted contributions revenue.

Due to the level of risk associated with certain underlying trust assets, it is reasonably possible that changes in the values of investment securities held by the trusts will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

(4) Investments

The carrying values of investments were as follows:

	<u>2013</u>	<u>2012</u>
Investment Fund	\$ 180,708,654	167,582,255
Fixed income mutual funds	314,788	322,440
Venture capital fund	<u>525,357</u>	<u>608,900</u>
	\$ <u>181,548,799</u>	<u>168,513,595</u>

The Trust's holdings in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (the "Investment Fund") are pooled investments. The Investment Fund's assets are invested entirely in shares of an external investment pool, the UNC Investment Fund, LLC ("System Fund"). As of June 30, 2013, total units of 301,669 had a market value of \$7,750 per unit, and the Trust owned 23,317 units. As of June 30, 2012, total units of 293,724 had a market value of \$7,282 per unit, and the Trust owned 23,012 units.

The Trust can redeem its units in the Investment Fund as of the first day of any month, based on the net asset value of the Investment Fund as of the last day of the preceding month. The Investment Fund can only redeem up to 10% of its total investment in a single quarter.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(4) Investments, Continued

The Board of Trustees of the Trust appropriate as much of the net appreciation as is deemed prudent by the Board of Trustees considering the Trust's long-and short-term needs, present and anticipated scholarship requirements, expected total return on its investments, and general economic conditions. Under the Trust's endowment spending policy, approximately 5% of the fair value of net investments at the end of the previous year is appropriated to support current operations. The following schedule summarizes the investment return, all of which is classified as temporarily restricted in the accompanying statements of activities:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ -	254
Net realized and unrealized gains	<u>20,145,343</u>	<u>3,356,207</u>
Return on investments	20,145,343	3,356,461
Endowment investment return		
designated for current operations	<u>9,342,999</u>	<u>8,925,363</u>
Endowment investment return,		
in excess of (net of) amounts designated		
for current operations	\$ <u>10,802,344</u>	<u>(5,568,902)</u>

Management follows an established a framework for measuring fair value, a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value is defined 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 three levels of fair value inputs that may be used to measure fair value under the hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2 – Observable inputs other than Level 1 prices 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 full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities, and certain alternative investments.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(4) Investments, Continued

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing and amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and may not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Trust's interest therein, its classification in Level 2 or 3 is based on the Trust's ability to redeem its interest at or near the date of the statement of financial position. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

As of June 30, 2013, the fair values of the Trust's financial instruments that are measured at fair value on a recurring basis were determined based on:

		Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Fair value
Fixed income mutual funds	\$	314,788	-	-	314,788
Investment Fund		-	180,708,654	-	180,708,654
Venture capital fund		-	-	525,357	525,357
	\$	<u>314,788</u>	<u>180,708,654</u>	<u>525,357</u>	<u>181,548,799</u>

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(4) Investments, Continued

As of June 30, 2012, the fair values of the Trust's financial instruments that are measured at fair value on a recurring basis were determined based on:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Fair value
Fixed income mutual funds	\$ 322,440	-	-	322,440
Investment Fund	-	167,582,255	-	167,582,255
Venture capital fund	-	-	608,900	608,900
	<u>\$ 322,440</u>	<u>167,582,255</u>	<u>608,900</u>	<u>168,513,595</u>

The activity for investments measured at fair value based on significant unobservable information is as follows:

	<u>2013</u>	<u>2012</u>
Venture capital fund:		
Beginning balance	\$ 608,900	699,241
Total net unrealized losses	<u>(83,543)</u>	<u>(90,341)</u>
Ending balance	<u>\$ 525,357</u>	<u>608,900</u>

(5) Cash Value of Life Insurance

The cash value of life insurance policies contributed to the Trust and held as of June 30, 2013 and 2012 was \$2,302,019 and \$1,875,756, respectively. As of June 30, 2013 and 2012, 162 and 165 policies, with an aggregate face value of \$14,203,282 and \$13,746,914, respectively, were held by the Trust.

(6) Restricted Net Assets and Endowment

Temporarily restricted net assets (consisting of realized gains and unrealized appreciation on investments) are available for scholarships and totaled \$91,115,799 and \$80,308,678 as of June 30, 2013 and 2012, respectively.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(6) Restricted Net Assets and Endowment, Continued

Permanently restricted net assets (consisting of original gift amounts received in the form of cash, investments, pledges receivable, life insurance policies and receivables from split-interest agreements) are invested in perpetuity and the income from those investments is expendable in accordance with the Trust's endowment spending policy to support scholarships. Total permanently restricted net assets were \$109,223,570 and \$107,071,922 as of June 30, 2013 and 2012, respectively.

Effective March 14, 2009, the Trust's management and investment of donor-restricted endowment funds became subject to the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Prior to this time, endowed funds were subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). UMIFA, in effect in North Carolina since 1985, provided a prudent standard for the spending of the net appreciation of a donor-restricted endowment fund and imposed a spending floor of an endowment's book value (referred to as "historic dollar value" in UMIFA). UPMIFA provides, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the institution to spend from an endowment fund without regard to the book value of the corpus of the fund. This flexibility under UPMIFA allows an expenditure that lowers the value of the corpus of an endowment fund below its book value, which was not allowed under UMIFA.

The Trustees have decided to follow the policy adopted by the University concerning the provisions of UPMIFA. For endowments where market value has declined below the book value, this policy indicates that the Trust shall examine the endowment-supported activity for the upcoming fiscal year for possible deferment of program expenses, and then pursue alternative funding for essential activities, and finally shall consult with donors regarding other funding options. Invasion of endowment principal is an option of last resort. Generally, the original value of all donor-restricted endowed gifts are recorded as permanently restricted net assets and any investment returns earned on endowed assets are recorded as increases or decreases to temporarily restricted net assets until those amounts are appropriated for expenditure by the Trustees in a manner that is consistent with the standard of prudence prescribed by UPMIFA. The market value for the Trust's endowment had not fallen below book value as of June 30, 2013 and 2012, and therefore no restrictions on endowment spending were deemed necessary.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(6) Restricted Net Assets and Endowment, Continued

The Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for its programs while seeking to maintain the stability of the endowment assets. For the Trust assets invested in the Investment Fund as described in notes 4 and 11, the Trustees have adopted the investment policies established by the Board Directors of the Investment Fund and the System Fund. Under this policy, as approved by the Trustees, the endowment assets are invested in a manner that is intended to earn an average real total return of at least 5.5% per year, net of all fees, over rolling five and ten year periods. The distribution policy is to provide a stable source of spending support that is sustainable over the long-term while preserving the purchasing power of the invested funds. The distribution rate was established at 5% of market value in 2000, with annual increases in later years based on inflationary factors. Each year's distribution is subject to a 4% floor and a 7% cap based on estimated previous fiscal year-end market value. The Trust expects its endowment funds, over long time periods, to provide an average annual real rate-of-return of approximately 5.5%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Trust relies on a long term strategy to preserve the real purchasing power of the Trust, while providing a predictable, stable and constant (in real terms) stream of earnings while reducing volatility. The Trust targets a diversified asset allocation with emphasis on investment manager selection to achieve its long-term return objectives within prudent risk constraints.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(6) Restricted Net Assets and Endowment, Continued

A reconciliation of the beginning and ending balance for 2013 of the Trust's donor-restricted endowment, in total and by net asset class, is as follows:

	2013		
	Temporarily restricted	Permanently restricted	Total
Endowment, beginning of year	\$ 80,308,678	107,071,922	187,380,600
Net unrealized and realized investment gain	20,145,343	-	20,145,343
Contributions	-	2,376,348	2,376,348
Transfer of endowment assets for expenditure	(9,342,999)	-	(9,342,999)
Other changes:			-
Actuarial adjustment of annuities payable	4,777	-	4,777
Other expense/loss	-	(224,700)	(224,700)
Endowment, end of year	\$ <u>91,115,799</u>	<u>109,223,570</u>	<u>200,339,369</u>

A reconciliation of the beginning and ending balance for 2012 of the Trust's donor-restricted endowment, in total and by net asset class, is as follows:

	2012		
	Temporarily restricted	Permanently restricted	Total
Endowment, beginning of year	\$ 85,851,647	105,121,107	190,972,754
Net unrealized and realized investment gain	3,356,461	-	3,356,461
Contributions	-	2,480,882	2,480,882
Transfer of endowment assets for expenditure	(8,925,363)	-	(8,925,363)
Other changes:			
Actuarial adjustment of annuities payable	25,933	-	25,933
Other expense/loss	-	(530,067)	(530,067)
Endowment, end of year	\$ <u>80,308,678</u>	<u>107,071,922</u>	<u>187,380,600</u>

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(7) Net Assets Released from Donor Restrictions

During 2013 and 2012, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 9,333,684	8,917,172
Annuity payments	<u>9,315</u>	<u>8,191</u>
	\$ <u>9,342,999</u>	<u>8,925,363</u>

(8) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and the cash value of life insurance approximate fair value because of the terms and relatively short maturity of these financial instruments. The carrying amounts of pledges receivable, contributions receivable from split-interest agreements and annuities payable approximate fair value because these instruments are recorded at the estimated net present value of future cash flows. Investments are carried at fair value.

(9) Commitments

The Trust has an investment in a venture capital fund with a fair value of \$525,357 and \$608,900 as of June 30, 2013 and 2012, respectively. Based on the subscription agreement with this fund, the Trust has potential future capital funding requirements of up to \$102,340 as of June 30, 2013. Management believes that the remaining capital will be called or the subscription amount reduced by the investment fund's management within one year. The maximum contractual life of the investment fund is approximately ten years as it terminates no later than December 31, 2013.

(10) Subsequent Events

In connection with the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America, the Trust considered for adjustment to the financial statements or disclosure subsequent events that occurred after the statement of financial position date of June 30, 2013 through October 14, 2013, which was the date the financial statements were available to be issued. No subsequent events were noted that required adjustment to or disclosure in the financial statements.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(11) External Investment Pool – The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc.

Substantially all of the Trust's investment assets are held in the Investment Fund, which is a governmental not-for-profit organization established as a separate incorporated investment fund pool. The pool is utilized to manage the investments of the Endowment Fund of The University of North Carolina at Chapel Hill (the "University"), and other charitable, not-for-profit foundations, associations, trusts, endowments, and funds organized and operated external to the University.

All of the assets of the Investment Fund are invested in the UNC Investment Fund, LLC (the "System Fund"), an investment pool. The System Fund was organized in December 2002 as a North Carolina limited liability company to engage in the business of acquiring, holding and disposing of property for investment purposes on behalf of its members. Members may include The University of North Carolina and its constituent institutions and their related endowments and tax-exempt foundations.

The System Fund is designed to allow members to pool their resources and invest collectively in investment opportunities identified, structured and arranged by UNC Management Company, Inc. (the "Management Company"). The System Fund has not been registered under the Securities Act of 1933, as amended, or the securities laws or any state or other jurisdiction, nor is such registration contemplated. The System Fund's financial statements for the years ended June 30, 2013 and 2012 have been audited by an independent auditor which issued an unqualified opinion dated September 26, 2013. Audited financial statements for the System Fund may be obtained by sending a request to uncmc@uncmc.unc.edu. The System Fund's primary office is located at the following address: UNC Management Company, Inc., 1400 Environ Way, Chapel Hill, North Carolina 27517.

The System Fund accounts for its investments at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair values of all debt and equity securities with readily determinable fair values are based on quoted prices. Based on the System Fund's audited financial statements, investments for which a readily determinable fair value does not exist may include investments in venture capital, hedge funds and limited partnerships for which the underlying securities may include marketable debt and equity securities. These investments are carried at estimated fair values as provided by the respective fund managers. The Management Company reviews and evaluates the values provided by the fund managers as well as the valuation methods and assumptions used in determining the fair value of such investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

THE EDUCATIONAL FOUNDATION SCHOLARSHIP
ENDOWMENT TRUST

Notes to Financial Statements, Continued

June 30, 2013 and 2012

(11) External Investment Pool – The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc., Continued

Based on the System Fund's audited financial statements, the investments of the System Fund are summarized by type as follows as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Debt securities:		
U.S. Treasuries	\$ 19,302,803	13,369,869
U.S. Agencies	7,253,954	8,383,181
Mortgage pass throughs	2,113,021	-
Collateralized mortgage obligations	19,563,951	19,926,042
Asset-backed securities	18,024,413	5,151,568
Debt mutual funds	75,120,493	100,650,854
Money market mutual funds	111,539,220	105,509,943
Domestic corporate bonds	<u>3,669,080</u>	<u>3,736,427</u>
	256,586,935	256,727,884
Other securities:		
International equity index funds	85,474,650	170,292,081
Equity index funds	8,703,319	35,683,517
Real estate investment trust	27,420,103	786,892
Long/short hedge funds	637,594,642	635,373,594
Diversifying hedge funds	348,227,261	353,975,475
Hedge funds in liquidation	19,272,097	4,214,146
Long only hedge funds	772,361,801	435,877,863
Private equity limited partnerships	712,297,964	686,430,328
Real assets limited partnerships	482,988,947	457,012,502
Domestic stocks	164,755,588	129,849,914
Foreign stocks	10,397,318	143,378
Other	<u>-</u>	<u>2,021</u>
Total System Fund pool investments	\$ <u>3,526,080,625</u>	<u>3,166,369,595</u>

**Attachment G: Agreement Between Educational Foundation
and UNC-Chapel Hill**

STATE OF NORTH CAROLINA

COUNTY OF ORANGE

AGREEMENT BETWEEN

The Educational Foundation, Inc.

AND

The University of North Carolina at Chapel Hill

THIS AGREEMENT, made and entered into this the 1st day of July, 2013, by and between The University of North Carolina at Chapel Hill, hereinafter referred to as the "University", and The Educational Foundation, Inc., hereinafter referred to as "Foundation."

WITNESSETH:

WHEREAS, Foundation is organized for the purpose of assisting and providing support to the University; and

WHEREAS, if the Foundation receives various administrative services from the University it will be enabled to provide a greater level of support to the University through its fund raising and other activities in support of the University; and

WHEREAS, the University is capable of and desires to furnish such administrative services to Foundation; and

WHEREAS, it is in the University's best interest to provide such administrative services to Foundation; and

NOW, THEREFORE, in consideration of the greater level of support to the University that the Foundation will be able to provide through fund raising efforts and other types of support activities and other good and valuable consideration the parties made the following agreement:

1. In recognition that fund raising and other activities in support of the University by the Foundation ultimately benefit the University and that such fund raising and other activities are desired by the University, the University agrees to provide to the Foundation the

administrative services listed on Exhibit A attached hereto, which services will enable the Foundation to undertake fund raising and other activities in support of and on behalf of the University greater than it could do without such support and will free greater time for Foundation support activities. Any University administrative services or facilities will be provided in accordance with and pursuant to applicable University policies and procedures. The parties acknowledge that coordination of fund raising activities is desirable and beneficial to both parties and their donors, and to that end, the parties agree that they will discuss and implement mutually agreeable mechanisms by which gifts to the Foundation may be reported to the University.

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2. The Foundation agrees, in consideration for the services to be provided to it, that the University may retain any income that University may earn on proceeds from gifts received by University as agent for Foundation for that period of time during which the receipts on behalf of the Foundation are temporarily managed by the University on behalf of the Foundation, but in no event shall the time period exceed that shown on Exhibit B attached hereto.

3. The Foundation represents that it is in compliance with the Board of Governors' Required Elements of University-Associated Entity Relationship, adopted November 16, 2005 (attached as Exhibit C) and acknowledges that continued compliance with Exhibit C is a condition for the Foundation's continued use of University's name or other University resources. Exhibit D contains the annual certification form submitted by the Foundation to assist with documentation of its compliance.

4. The Foundation acknowledges that when it is a participant in the University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Investment Fund), the Investment Fund may charge a fee of up to 80 basis points on funds invested in the Investment Fund and transferred to the University to support the University's effort to enhance funds that can be invested through the Investment Fund. The University agrees to use that portion of the fee attributable to the Foundation to support the University's central development efforts. Notwithstanding the foregoing, effective July 1, 2008 (based on an initial June 30, 2008 calculation), the Foundation agrees that Investment Fund will charge a fee of 10 basis points on Foundation funds invested in the Investment Fund.

5. Employees of the University shall remain for all purposes employees of the University.

6. This Agreement shall run for a period of five (5) years from the 1st day of July, 2013 to the 30th day of June, 2018 and shall be renewable upon written notice executed by both parties.

7. This Agreement or its renewals may be terminated at any time without penalty by either party provided that written notice of such termination is furnished to the other party at least thirty (30) days prior to termination.

8. Foundation and the University hereby agree that in their educational and/or employment practices, each will comply with such non-discrimination laws as may be applicable to them in the performance of this Agreement.

9. This Agreement contains the entire understanding of the parties and shall not be altered, amended or modified, except by an agreement in writing executed by the duly authorized officials of both parties.

10. The laws of North Carolina shall govern the validity and interpretation of the provisions, terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties have hereunto signed this Agreement in their official capacities of the day and year listed below.

**THE EDUCATIONAL
FOUNDATION, INC.**

BY: J. R. Mantz
TITLE: Executive Director

DATE: August 7, 2013

**THE UNIVERSITY OF NORTH
CAROLINA AT CHAPEL HILL**

BY: Kevin R. Seitz
~~Interim~~ ~~Karol Kain Gray~~ Kevin R. Seitz
TITLE: Vice Chancellor for Finance
and Administration

DATE: 4/30/14

EXHIBIT A
(Please check and initial services to be provided)

Administrative services provided to The Educational Foundation, Inc.

- ☒ ☐ Make available office space for the Foundation.
- ☐ Provide staff services to assist the Foundation.
- ☐ Provide computerized recordkeeping and reports using the University's financial accounting system.
- ☐ Provide accounting services to the Foundation.
- ☐ Hold and disburse monies as agent for the Foundation.
- ☒ ☐ Interact with Foundation's independent auditors.
- ☒ ☐ Provide evaluation of and recommendations concerning gifts of real property.
- ☒ ☐ Provide upon request investment management services including periodic investment reporting services. The University will invest as agent for the Foundation any Foundation designated monies in the University's Temporary Pool and the rate of return will be computed in accordance with the policies and procedures contained in the University's Business Manual.
- ☐ Provide computerized recordkeeping, gift processing and other assistance for development and fund raising activities. In connection with the processing of stock gifts, all Foundation accounts will be credited with the value of the gift as of the date of the gift without reference to actual monies received upon sale of the stock. The University receives a separate fee for its services in the creation, establishment and maintenance of endowment and capital accounts (except where restricted by donor).
- ☒ ☐ Serve as an agent for receipt, deposit and temporary management and distribution of gifts to the Foundation as described in the attached memorandum (Exhibit B).
- ☒ ☐ Provide access to University email, internet and telephone services.
- ☐ Provide other services as requested by the Foundation and mutually agreed upon by the Parties.

EXHIBIT B

PROCESSING OF CASH GIFTS AT UNC-CH

Originally Issued: July 20, 1992

Revised: October 15, 2001

Revised: July 1, 2004

Revised: June 11, 2010

Revised: June 1, 2013

Introduction

This document describes how cash gifts received by the Office of University Development are processed by the University. The chart contained in Exhibit I illustrates the processing flow described herein.

Each day the University Development Office receives both solicited and unsolicited cash gifts. If the gift is from an annual fund solicitation or a pledge billing, it is accompanied by a gift slip or pledge reminder sent to the donor by the University Development Office or by one of the constituent development offices across campus. Preprinted on the gift slip is the donor's name, address, i.d. number, and gift designation, which is either a University endowment or trust fund, or a University affiliated foundation (sometimes also referred to as an associated entity).

If the gift is not accompanied by a gift slip or other written instruction, or the slip contains no designation, one of the following will happen: (1) if the donor has an outstanding pledge on University Development Office's gift records, the gift is credited to the appropriate fund or foundation in accordance with the pledge, (2) if there is no outstanding pledge but the donor has a history of giving to a certain area, the gift is credited to the fund or foundation associated with that area, (3) if the Development Office has no information about where the gift should go and the gift is for more than \$1,000, the Gift Processing Clerk will contact the development officer who is the listed contact for the donor, or (4) if none of the other procedures is applicable, the gift will automatically be credited to the Chancellor's University Fund, which is a University unrestricted expendable trust account (3-15400). Subsequent to this, the Gift Processing Clerk fills out a gift slip for all such gifts and indicates on the slip the source of the designation.

Only cash gifts made to designated University funds, including the UNC-CH Endowment and gifts automatically credited to the Chancellor's University Fund in accordance with the procedures described above, will be credited to the University. All other gifts will be credited to the University's affiliated foundations.

Processing Flow

DAILY

As cash gifts are received by the Office of University Development, a Gift Processing Clerk batches the gifts, fills out a deposit slip, and deposits the gifts daily in the Bank of America "Gift Account", a University demand deposit agency account. Accounting Services reviews the

balance in the "Gift Account" on a daily basis and transfers funds to the University's Bank of America "Endowment, Trust, & Special Funds Account" when the balance reaches \$100,000. The deposit slips are consecutively numbered for the fiscal year and have the Clearing Account (0-94999) preprinted on them. The Clearing Account is a commingled agency account in the University's Financial Records System ("FRS/PeopleSoft"), which is the official accounting record for the University. The Clearing Account is maintained by the University as agent for itself and its affiliated foundations. A data entry clerk then posts the gifts to the Development Office's Gift Processing System ("GPS") by keying in the information contained on the batch cards and gift slips. The deposit slips are transmitted to the Accounting Services Office ("Accounting") and an Accounting Technician records the deposit in account 0-94999, referencing the date, number of the deposit, and the amount of the deposit.

To summarize, at this point in the processing the following has occurred:

(1) Cash Movement

The cash gifts have been deposited with Bank of America in a University demand deposit agency account. Even though most of these gifts are designated to be received by one of the affiliated foundations, they are all on deposit in a University bank account. The University agency bank account is interest bearing in that each month it is credited, in a bookkeeping sense only, with the average of the 91-day Treasury Bill Rate based on its average daily collected balance. This credit is then available to the University to use to offset banking charges on this and all other accounts established at Bank of America in the University's name;

(2) Bookkeeping

The donor records on the University Development Office's Gift Processing System have been updated with the amount of the cash gift and the donor's designation. The University's Financial Records System reflects the deposits in the Clearing Account.

WEEKLY

Each week (usually on a Monday) account designation information in the GPS for gifts that were deposited at Bank of America during the prior week is used to create a distribution in FRS/PeopleSoft. The gifts are distributed from the Clearing Account to either individual foundation accounts, or, in the case of still undesignated gifts and gifts for which donor accounts have not yet been established, the Holding Account, which is also a University commingled agency account maintained on FRS/PeopleSoft by the University as agent for itself and its affiliated foundations. After the posting takes place, all gifts which fall into the category of "Institutional Trust Funds" (i.e. gifts made to designated University funds) are transferred by check to the State Treasurer's Short Term Investment Fund. All other gifts, i.e. gifts to the UNC-CH Endowment Fund and the affiliated foundations, continue to remain on deposit in the Bank of America "Gift Account." As information is received about the undesignated gifts in the Holding Account, that Account is debited and the proper donor accounts are credited by the automated distribution feature of the GPS.

Because those University's affiliated foundations which process gifts centrally through the Development Office typically maintain their accounts in FRS/PeopleSoft, once the gifts have been posted to the individual donor accounts, the foundations have access to these funds and may, (1) spend the gifts if they are classified as expendable, (2) invest the gifts themselves or with an outside money manager, (3) invest the gifts in The University Temporary Pool or the University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. ("Investment Fund") or (4) select any combination of (1), (2), and (3). If a foundation decides to invest all or some portion of the gifts in the Temporary Pool or the Investment Fund, they must wait until the first of the calendar month following the month in which the gifts were received to buy into either of these funds. Thus, if foundations choose option (3) they will earn no return on those gifts for a period possibly as long as thirty days. However, offsetting this loss is the administrative ease with which gifts will automatically be invested by Accounting and the UNC Management Company (UNCMC) as of the first day of each month.

MONTHLY

After each FRS/PeopleSoft month-end close, Accounting Services receives a special purpose Z writer file sorted by endowment and associated entity, FRS/PeopleSoft account number, donor name, and gift amount. Accounting Services uploads this file into the Unit Accounting System ("UAS") and generates a monthly gifts and additions report. This report is edited and verified against each associated entity's FBM094 report to confirm that claim-on-cash ties for each FRS/PeopleSoft account. Once the monthly gifts and additions report and the FBM094 report's claim-on-cash are in agreement, then the total amount of gifts and additions across all UNC associated entities and the University Endowments are wire transferred to the custodian of the Investment Fund. Each individual FRS/PeopleSoft account buys proportional shares in UAS at the current share value based on the amount of each account's monthly gifts and additions. Each account's market value is determined on a monthly basis based on the current share value and total shares in UAS. Finally, an upload file is created from UAS to move cash from the 1100 object code to the investment object code in FRS/PeopleSoft.

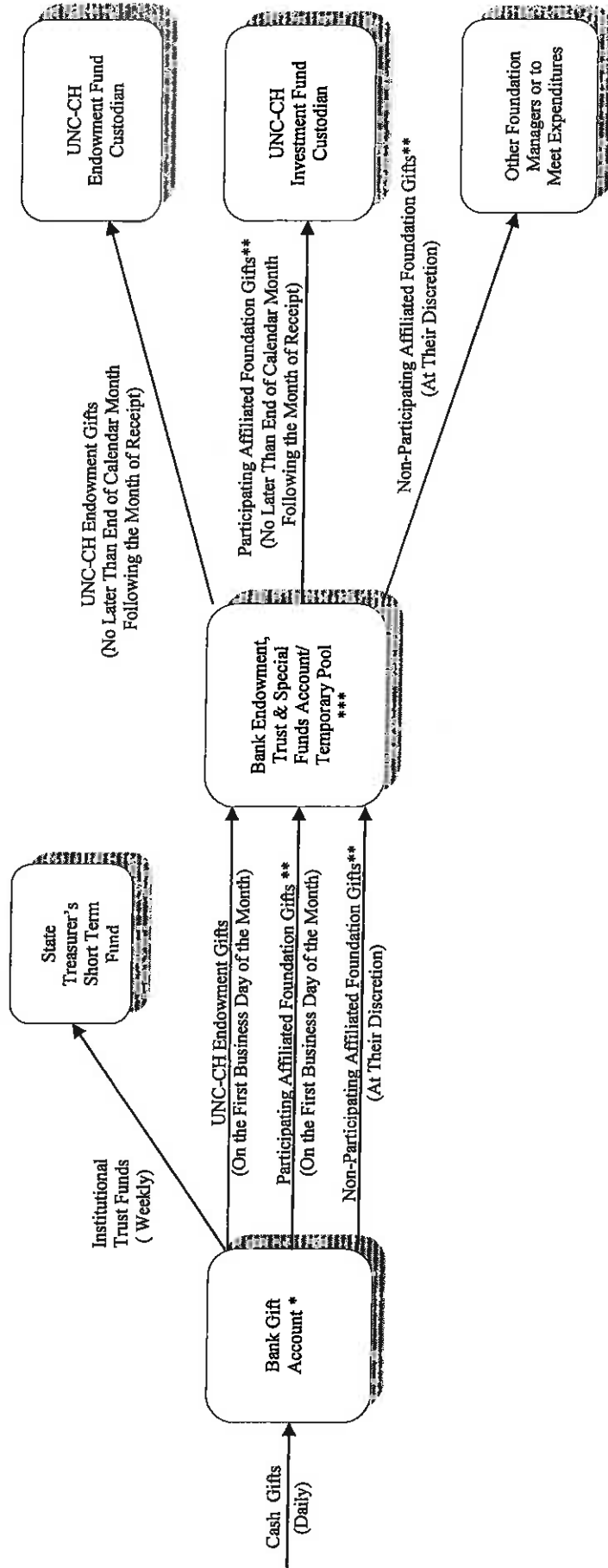
In addition, Accounting Services credits participation of these gifts in the Temporary Pool for one month to provide compensation for the time period between the University receiving the funds and the date the funds are transferred from Bank of America to the current custodian of Investment Fund. On a quarterly basis Accounting Services posts the interest earned on these gifts to the respective FRS/PeopleSoft income accounts.

EXCEPTIONS

Exceptions to the above procedures may be made when very large gifts (i.e. individual gifts greater than \$1 million) are received by the University. If a gift of this magnitude is made to the Endowment, it can either immediately be transferred to the Investment Fund's custodian or invested in the Temporary Pool. If it is transferred to the Investment Fund, the account will buy in units based upon the valuation as of the beginning of the calendar month following the month in which the gift was received. If it is invested in the Temporary Pool, any interest earned on the gift until the time it is transferred to the Endowment Fund will, at the direction of the Vice Chancellor for Finance and Administration, either be added to principal or retained as expendable income.

EXHIBIT I: Gift Processing Flow Chart

CASH GIFTS PROCESSING FLOW



* This is a University account that would be credited monthly with an Earnings Credit equal to the 91 Day T-Bill Rate. The Credit would offset banking expenses.

** Participating refers to whether or not a foundation participates (invests) in either the Temporary Pool or the Investment Fund.

*** Once cash moves into this bank account, it loses its identity and may be swept to custodian for investment as part of the Temporary Pool. Affiliated Foundation gifts which remain in the Temporary Pool receive credit on their balances of the beginning of the month following the month in which the gift was received. Affiliated Foundation gifts which are transferred to the Investment Fund, and Endowment Fund, receive (1) credit in the Investment Fund and the Endowment as of the first of the month following the month in which the gift was received and (2) one month of Temporary Pool interest.

EXHIBIT C

600.2.5.2[R]

Adopted 11/16/2005

Required Elements of University-Associated Entity Relationship

The following requirements apply to any University Associated Entity.

A. Definitions. As used in these regulations:

1. An "Associated Entity" means any foundation, association, corporation, LLC, partnership or other non profit entity that was established by officers of the University that is controlled by the University that raises funds in the name of the University that has a primary purpose of providing services or conducting activities in furtherance of the University's mission pursuant to an agreement with the University or that has a tax exempt status that is based on being a support organization for the University.
2. "Approving Institution" means a constituent institution of the University of North Carolina or the General Administrator that approves an Associated Entity.
3. "General Administration" means the Office of the President and the affiliated programs of the University that are not centers or institutes of a constituent institution.
4. "Major Associated Entity" means an Associated Entity which has annual expenditures of \$100,000 or more.
5. "Minor Associated Entity" means an Associated Entity which has annual expenditures of less than \$100,000.
6. "Specified purpose entity" means an Associated Entity or an approved subsidiary or LLC of an Associated Entity that is established by the officers of the University or is controlled by the University has at its sole purpose the constructing or managing facilities for the University and does not engage in fundraising activities.
7. "State" means the State of North Carolina.
8. "University" means the University of North Carolina, including its constituent institutions.
9. When "president or chancellor" is used in these regulations, it means the chancellor if the approving institution is a constituent institution and it means the president if the approving institution is the General Administration.

B. Creation of University-Approved Associated Entities

1. Associated Entity Must be Approved - An Associated Entity must be approved in writing by the president, the chancellor, or the president or chancellor's designee. An entity must be approved in order to receive University-provided services or to be able to use an institution's or the University's name or an institution's or the University's logo/trademark in fundraising. If an approved entity establishes a subsidiary entity or an LLC, then the subsidiary entity or LLC must be separately approved.

2. Abide by Relevant University Policies— In order to obtain approved status, the associated Entity must formally agree to abide by the policies or regulations established by the University and by the Approving Institution regarding the University's and the Approving Institution's relationship with related Associated Entities.

3. Periodic Review of Status— The Approving Institution may remove the approved status of any Associated Entity which fails to abide by the Approving Institution's or the University's policies or regulations which govern Associated Entities.

C. Organizational Requirements of an Associated Entity

1. Purpose to Benefit University— The Associated Entity must be organized for the primary purpose of (i) supporting the University or one or more of its constituent institutions or programs, and/or (ii) conducting activities that are in furtherance of the mission of the University or of one or more of its constituent institutions or programs.

2. State Nonprofit Corporation – The Associated Entity must be organized on a nonprofit basis, and, if a corporation, be incorporated in North Carolina, and comply with the requirements of Chapter 55A of the North Carolina General Statutes. If a constituent institution proposes to establish or approve an associated entity on a for profit basis, it must receive approval from the Board of Governors before establishing the entity.

3. Tax Exempt Status – Except as provided in paragraph C.2., an Associated Entity must apply for, receive, and maintain both federal and State tax exempt status.

4. Dissolution of Associated Entity – The Associated Entity's articles of incorporation must include a clause which provides that, upon dissolution of the Associated Entity, all of its assets will revert to the University or the Approving Institution or another University approved Associated Entity unless otherwise designated by the donor of an asset.

5. University Representative(s) on Board –At least one Senior Academic or Administrative Officer of the Approving Institution or a designee of the president or the chancellor must sit as an ex-officio (either voting or non-voting) or regular member of the Associated Entity's governing board.

6. Audit Committee Required –

(a) A major Associated Entity's by-laws must provide for an audit committee which has no University employee as a member. The audit committee must receive the report of the independent CPA firm that conducts the Associated Entity's annual audit and relevant tax forms to be submitted by the Associated Entity.

(b) A minor Associated Entity's by-laws must provide for a committee which has these audit functions and which has a majority of members that are not University employees.

(c) No employee of the Associated Entity may serve on an audit committee or a committee with an audit function. If practical, each audit committee or committee with an audit function should have a financial expert as a member.

(d) A Specified Purpose Entity is not required to have an audit committee provided that it is subject to independent audit at the request of one or more designated trustees, sureties, insurers, certificate holders or bondholders.

D. Financial and Accounting Controls

1. Sound Accounting and Business Principles– An Associated Entity must use sound fiscal and business principles, ensure that a sound internal control structure is in place, and follow generally accepted accounting procedures.

2. Annual CPA Audit– A major Associated Entity must be audited on an annual basis by an independent CPA firm. A minor Associated Entity must have an annual audit conducted either by the Approving Institution's internal auditor, another University internal auditor, or an independent CPA firm. A CPA firm providing an audit for a major Associated Entity may not provide non-auditing services to the Associated Entity other than tax preparation services that are pre-approved by the audit committee.

(a) An Associated Entity of a constituent institution must provide copies of the audit report, management letters, and responses to management letters to the chancellor of the Approving Institution, through the chancellor to the governing board of the Approving Institution and the president, and through the president to the Board of Governors.

(b) An Associated Entity of the General Administration must provide copies of the audit report, management letters, and responses to management letters to the president, and through the president to the Board of Governors.

3. Annual Budgets - The Associated Entity must create an annual operations and capital budget.

4. Officer and Employee Compensation - All salary and non-salary compensation provided by the Associated Entity to its officers or employees must be approved by the Associated Entity's governing board. The Associated Entity must comply with Board of Governors Policy §300.1.1 concerning the prohibition of payments to specified University employees. This requirement does

not prohibit the Associated Entity from reimbursing its officers or employees for expenditures made on behalf of the Associated Entity.

5. Indemnification of University -The Approving Institution may require an Associated Entity to indemnify and hold the Approving Institution and the University harmless from any damages or liabilities that the Approving Institution or the University incurs as a result of the Associated Entity's actions.

6. University- Associated Entity Monetary Transfers - All transfers of funds from the Associated Entity to the University or to the Approving Institution must be documented in writing or electronically in a form that has a retrievable transaction trail.

7. Whistle Blower Protection - An Associated Entity must have a confidential and anonymous mechanism to encourage employees to report any inappropriateness within the entity's financial management and must prohibit punishment of or retaliation against any employee for reporting problems.

8. Chief Executive Officer - The Chief Financial Officer of the Approving Institution may not be the chief executive officer of an Associated Entity.

9. Acquisition of debt - A Minor Associated Entity may not acquire debt in excess of \$100,000 that is not to be publicly traded without first notifying the president or the chancellor of the Approving Institution and then consulting with the Vice President for Finance of the University. A Major Associated Entity may not acquire debt in excess of \$500,000 that is not to be publicly traded without first notifying the president or the chancellor of the Approving Institution and then consulting with the Vice President for Finance of the University. In determining the level of scrutiny to give to the proposed transaction, the Vice President shall take into account the amount of the debt in relationship to the Associated Entity's assets and income and the extent of experience of the Associated Entity in entering into similar debt transactions. A Specified Purpose Entity that issues debt to construct facilities for the University must provide a financial or construction audit to the Vice President for Finance of the University at the Vice President's request or to the governing board of the Approving Institution at the request of the chair of the governing board.

10. Audit findings. Within 90 days of the issuance of the audit report with audit findings, the Associated Entity must demonstrate to the president or the chancellor of the Approving Institution and to the Vice President for Finance that satisfactory progress has been made to implement a corrective action plan. Failure of an Associated Entity to receive an unqualified audit opinion, to comply with the reporting requirements of this regulation, or to satisfactorily implement a corrective action plan in response to an audit finding may result in the Associated Entity's losing its approved status.

E. Insurance and Bonding

1. Bonding Required—Officers and employees of major Associated Entities who have check signing authority or who handle cash or negotiable instruments must be bonded in an amount

determined to be reasonable by the Associated Entity's board. The Board of a minor Associated Entity should consider requiring bonding of appropriate employees.

2. **Liability Insurance**– The governing board of an Associated Entity must consider whether to obtain general liability and directors'/officers' insurance in an amount determined to be reasonable by the Associated Entity's board.

F. Provision of Administrative and Other Services by University for Associated Entity

1. **Written Agreement Required**– All services provided by the Approving Institution or the University for the Associated Entity (including use of University or constituent institution assets, facilities, and personnel) must be pursuant to a written agreement setting forth the terms under which such services will be provided.

2. **Reimbursement of Costs**– Any reimbursement to the Approving Institution or the University for services the Approving Institution or the University provides to the Associated Entity must be made pursuant to a written agreement between the University or the Approving Institution and the Associated Entity entered into before the service is provided.

3. **Control of University Personnel**– When University personnel provide services for the Associated Entity and there arises a conflict between the University and the Associated Entity, the University's employee must comply with the policies, regulations and directives of the University.

G. Acceptance of Gifts by Associated Entity

1. **Restricted Gifts That Require University Approval**– An Associated Entity may not accept any restricted or conditional gifts that impose an obligation on the University or the State to expend resources in addition to the gift without first receiving the Approving Institution's approval. In addition, an Associated Entity may not accept a gift which has any restriction that is unlawful.

2. **Notification to Donors of Restricted Gift Policies**– An Associated Entity must advise prospective donors of all restricted or conditional gifts to the Associated Entity if acceptance of the gift is conditioned upon the Approving Institution's approval.

3. **Coordination with University Development Office**– In soliciting and accepting gifts in the name of the University, an Associated Entity must coordinate with the Approving Institution's development office.

H. Conflict of Interest and Ethics Policies

1. **Policies Required**–The Associated Entity must have in place conflict of interest and ethics policies pertaining to relationships between the Approving Institution, the Associated Entity, members of the governing board of the Associated Entity and persons doing business with the Associated Entity and establishing required ethical standards for the members of the governing board and employees of the Associated Entity.

2. Transactions Between Associated Entity and its Employees-All transactions (other than reimbursements as provided in §D.5.) between the Associated Entity and an officer, director, or employee of the Associated Entity must be approved by the Associated Entity's governing board.

3. Recusal from Business Decisions-No Associated Entity officer, director, or employee having a private business interest in an Associated Entity business transaction may be involved in the decision with respect to whether the Associated Entity should enter into such transaction.

4. Associated Entity Scholarships-No Associated Entity scholarship or fellowship award may be made to an officer, director, or employee of the Associated Entity or to a family member of such person unless the recipient of the award is determined by an independent awards committee.

I. Reports required to be submitted by Associated Entity to University

1. The Associated Entity must file annual reports with the president or chancellor of Approving Institution covering the following items:

a. A list of all members of the Associated Entity's board;

b. A copy of the publicly disclosed portion of the Associated Entity's Form 990, or other series 990 form.

c. A copy of the Associated Entity's CPA audit report and related management letters and responses to management letters

2. At the request of the chancellor, president, or the chair of governing board of the Approving Institution, for an articulated legitimate reason, the Associated Entity must meet with the requesting person, his or her designee, or the internal auditor of the Approving Institution and allow that person to inspect any of the following information that is related to the articulated reason:

a. A description of all monetary transfers from the Associated Entity to the Approving Institution or the University;

b. A description of all transactions entered into during the year between the Associated Entity and the Approving Institution or the University.

c. A copy of the Associated Entity's operating and capital expenditure budget for the year and a comparison of actual expenditures to budgeted expenditures.

d. A description of all real estate purchases, material capital leases, and investment/financing arrangements entered into during the year;

e. Copies of the minutes of all regular and special meetings of the Associated Entity's board;

f. The portions of the 990 forms that are not publicly disclosed and all other federal and state tax returns; and

g. Any other documents and records which are relevant to the articulated reason.

J. Miscellaneous Requirements

1. Associated Entity Communications-An Associated Entity must conduct business in its own name and all correspondence, advertisements, and other communications by the Associated Entity must clearly indicate that the communication is from the Associated Entity, and not from the Approving Institution or the University.

2. Lobbying and Political Activities-An Associated Entity must comply with all provisions of the Internal Revenue Code and all State laws regarding lobbying and political activity.

3. Associated Entity Courses and Seminars-An Associated Entity may not offer any course or seminar in which the University's name is used without first obtaining the permission the institution or institutions whose name will be used.

4. Destruction of Documents—An Associated Entity must have a policy governing retention and destruction of documents including electronic files and which prohibits destruction of documents if an investigation into wrongdoing or litigation is anticipated or underway.

K. Waiver

If the application of any of the requirements of these regulations to a particular Associated Entity in specific circumstances is of limited benefit and is unduly burdensome, the President may waive that requirement as to that specific Associated Entity under circumstances that are set out in writing. The Associated Entity shall notify the Chancellor of the Approving Institution prior to making a request for a waiver under this section.

L. Effective Date

Every Associated Entity shall be in compliance with these regulations no later than July 1, 2006.

**Required Elements of University-Associated Entity Relationship
Certification of Financial Issues for FY 2011-12**

Yes	No	Audit Report (Required Elements C.6, D.2, D.10, State Auditor policy)
		We certify that the audit report, management letters, and responses to management letters are enclosed with this certification statement. It is our understanding the items will be routed through the Chancellor, through the Board of Trustees, through the President, to the Board of Governors.
		We certify that we have presented or will present the aforementioned items and relevant tax forms to the audit committee.
		We certify that within 90 days of the issuance of the audit report with audit findings, we will demonstrate that satisfactory progress has been made to implement a corrective action plan.
		If applicable, we certify that contractual agreements for auditing services adhere to the policy and guidelines prescribed by the State Auditor as provided in the State Auditor's letter dated August 4, 2011. [Write in "n/a" unless your entity is a University component unit and disclosed in Note 1.A of the University's <i>Comprehensive Annual Financial Report</i> at http://www.unc.edu/finance/fd/c/docs/2010_cafr.pdf].
Yes	No	Audit Committee (Required Element C.6)
		We certify that if we are a major associated entity, the by-laws provide for an audit committee which has no University employee as a member. If we are a minor Associated Entity, we certify that the by-laws provide for a committee which has audit functions and which has a majority of members that are not University employees. (A Specified Purpose Entity is not required to have an audit committee provided that it is subject to independent audit at the request of one or more designated trustees, sureties, insurers, certificate holders or bondholders.
		We certify that employees of the Associated Entity do not serve on the audit committee or a committee with an audit function.
		We certify that where practical the audit committee or committee with an audit function has a financial expert as a member.
Yes	No	Internal Controls / Risk Management (Required Elements D.1, E.1, E.2)
		We certify that our Associated Entity uses sound fiscal and business principles, ensures that a sound internal control structure is in place, and follows generally accepted accounting procedures. [Sound business practices would include compliance with University <u>Business Manual</u> - Accounting Services Policy Statement 33 regarding <i>Credit Card Merchant Services</i> . The policy statement indicates that campus units that function as credit card merchants shall be compliant with the <i>Payment Card Industry Data Security Standards</i>].
		If we are a major associated entity, we certify that officers and employees who have check signing authority or who handle cash or negotiable instruments are bonded in an amount determined to be reasonable by our board. If a minor associated entity we certify that our board has considered requiring bonding of appropriate employees.

**Required Elements of University-Associated Entity Relationship
Certification of Financial Issues**

Yes	No	Internal Controls / Risk Management <i>(continued)</i>
		We certify our governing board has considered whether to obtain general liability and directors'/officers' insurance in an amount determined to be reasonable by the Associated Entity's board.
Yes	No	Budgets (Required Element D.3)
		We certify that we create an annual operations and capital budget.
Yes	No	Transfers (Required Element D.6)
		We certify that all transfers of funds from our associated entity to the University are documented in writing or electronically in a form that has a retrievable transaction trail.
Yes	No	Compensation/ Personal Loans (Required Element D.4, Best Practice – Personal Loans, Other)
		We certify that all salary and non-salary compensation provided by our associated entity to officers or employees of the associated entity have been approved by the Associated Entity's governing board.
		We certify that our associated entity is in compliance with Board of Governors Policy §300.1.1 concerning the prohibition of payments to specified University employees. This requirement does not prohibit the Associated Entity from reimbursing its officers or employees for expenditures made on behalf of the Associated Entity.
		We certify that we have not made personal loans to trustees or executive officers regardless of the funding source.
		We certify that loans to other employees are from funds restricted for that purpose by donors. If loans have been made to other employees, a list of those loans is attached.
		We certify that information required for tax reporting on the W-2 forms of University employees for salary and non-salary compensation including a foundation-provided vehicle or club memberships for personal use is provided to the University Controller's Office.

Name of Associated Entity: _____

Signature Title Date

Printed Name

Screening Questions

- Please answer these questions carefully as your responses will determine which subsequent data entry screens are appropriate for your institution.

1. How will you report Operating (Game-day) Expenses?

☒ By Team

☐ Per Participant

2. Select the type of varsity sports teams at your institution.

☒

Men's Teams

☒

Women's Teams

☐

Coed Teams

3. Do any of your teams have assistant coaches?

☒

Yes

☒

Men's Teams

☒

Women's Teams

☐

Coed Teams

☐

No

- If you save the data on this screen, then return to the screen to make changes, note the following:
- 1) If you select an additional type of team remember to include associated data for that type of team on subsequent screens;
- 2) If you delete a type of team but have already entered associated data on other screens, all associated data for that type of team will be deleted from subsequent screens. However, because the survey system has to recalculate the totals, you must re-save every screen.

Sports Selection - Men's and Women's Teams

Select the varsity sports teams at your institution.					
Sport		Men's	Women's	Sport	
Archery		<input type="checkbox"/>		Badminton	
Baseball		<input checked="" type="checkbox"/>		Basketball	
Beach Volleyball		<input type="checkbox"/>		Bowling	
Cross Country		<input type="checkbox"/>		Diving	
Equestrian		<input type="checkbox"/>		Fencing	
Field Hockey				Football	
Golf		<input checked="" type="checkbox"/>		Gymnastics	
Ice Hockey		<input type="checkbox"/>		Lacrosse	
Rifle		<input type="checkbox"/>		Rodeo	
Rowing		<input type="checkbox"/>		Sailing	
Skiing		<input type="checkbox"/>		Soccer	
Softball				Squash	
Swimming		<input type="checkbox"/>		Swimming and Diving (combined)	
Synchronized Swimming				Table Tennis	
Team Handball		<input type="checkbox"/>		Tennis	
Track and Field (Indoor)		<input type="checkbox"/>		Track and Field (Outdoor)	
Track and Field and Cross Country (combined)		<input checked="" type="checkbox"/>		Volleyball	
Water Polo		<input type="checkbox"/>		Weight Lifting	
Wrestling		<input checked="" type="checkbox"/>		Other Sports (Specify sports in the caveat box.)*	

CAVEAT

* If you indicated in the caveat box that your other sports are Dancing and/or Cheerleading, please also specify in the caveat box that your institution has a letter from the Office for Civil Rights confirming that the OCR has determined that Dancing and/or Cheerleading are varsity sports at your institution.

- If you save the data on this screen, then return to the screen to make changes, note the following:
- 1) If you select an additional team remember to include associated data for that sport on subsequent screens;
- 2) If you delete a sport but have already entered associated data on other screens, all associated data for that sport will be deleted from subsequent screens. However, because the survey system has to recalculate the totals, you must re-save every screen.

Athletics Participation - Men's and Women's Teams

Enter the number of participants as of the day of the first scheduled contest.

Varsity Teams	Men's Teams	Women's Teams
Baseball	<input type="text" value="38"/>	
Basketball	<input type="text" value="16"/>	<input type="text" value="15"/>
Fencing	<input type="text" value="30"/>	<input type="text" value="25"/>
Field Hockey		<input type="text" value="28"/>
Football	<input type="text" value="130"/>	
Golf	<input type="text" value="11"/>	<input type="text" value="9"/>
Gymnastics		<input type="text" value="13"/>
Lacrosse	<input type="text" value="48"/>	<input type="text" value="37"/>
Rowing		<input type="text" value="72"/>
Soccer	<input type="text" value="39"/>	<input type="text" value="38"/>
Softball		<input type="text" value="25"/>
Swimming and Diving (combined)	36	32
Swimming	<input type="text" value="30"/>	<input type="text" value="28"/>
Diving	<input type="text" value="6"/>	<input type="text" value="4"/>
Tennis	<input type="text" value="15"/>	<input type="text" value="9"/>
Track and Field and Cross Country (combined)	111	83
Track and Field (Indoor)	<input type="text" value="46"/>	<input type="text" value="33"/>
Track and Field (Outdoor)	<input type="text" value="44"/>	<input type="text" value="34"/>
Cross Country	<input type="text" value="21"/>	<input type="text" value="16"/>
Volleyball		<input type="text" value="18"/>
Wrestling	<input type="text" value="29"/>	
Total Participants Men's and Women's Teams	503	404
Unduplicated Count of Participants (This is a head count. If an individual participates on more than one team, count that individual only once on this line.)	<input type="text" value="435"/>	<input type="text" value="357"/>
CAVEAT (For each men's or women's team that includes opposite sex participants, specify the number of male and the number of female students on that team in this caveat box. This does not apply for coed teams. Additionally, provide any other clarifying information here.)		
<div></div>		

If you save the data on this screen, then return to the screen to make changes, please note you must re-save every screen because the survey system has to recalculate the totals.

Head Coaches - Women's Teams

- For each women's team, indicate whether the head coach is male or female, was assigned to the team on a full-time or part-time basis, and whether the coach was employed by the institution on a full-time basis or on a part-time or volunteer basis, by entering a 1 in the appropriate field.
- The Swimming and Diving (combined) fields allow up to 2 head coaches. The Track and Field and Cross Country (combined) fields allow up to 3.

Varsity Teams	Male Head Coaches				Female Head Coaches				Total Head Coaches
	Assigned to Team on a Full-Time Basis	Assigned to Team on a Part-Time Basis	Full-Time Institution Employee	Part-Time Institution Employee or Volunteer	Assigned to Team on a Full-Time Basis	Assigned to Team on a Part-Time Basis	Full-Time Institution Employee	Part-Time Institution Employee or Volunteer	
Basketball					1		1		1
Fencing		1	1						1
Field Hockey					1		1		1
Golf					1		1		1
Gymnastics	1		1						1
Lacrosse					1		1		1
Rowing					1		1		1
Soccer	1		1						1
Softball					1		1		1
Swimming and Diving (combined)		1	1						1
Tennis	1		1						1
Track and Field and Cross Country (combined)		1	1						1
Volleyball	1		1						1
Coaching Position Totals	4	3	7	0	6	0	6	0	13
CAVEAT									

Head Coaches' Salaries - Men's and Women's Teams

- Enter only salaries and bonuses that your institution pays head coaches as compensation for coaching. Do not include benefits on this screen.
- Do not include volunteer coaches in calculating the average salary and the Full-Time Equivalent (FTE) Total.
- For help calculating the FTE total click on the “Need help? Click here for screen instructions” link on this screen.

	Men's Teams	Women's Teams
Average Annual Institutional Salary per Head Coach (for coaching duties only)	418,123	119,708
Number of Head Coaches Used to Calculate the Average	11	13
Number of Volunteer Head Coaches (Do not include these coaches in your salary or FTE calculations.)	0	0
Average Annual Institutional Salary per Full-time equivalent (FTE)	484,142	135,322
Sum of Full-Time Equivalent (FTE) Positions Used to Calculate the Average	9.50	11.50
CAVEAT		

Assistant Coaches - Men's Teams

For each men’s team, indicate whether the assistant coach is male or female, was assigned to the team on a full-time or part-time basis, and whether the coach was employed by the institution on a full-time basis or on a part-time or volunteer basis, by entering a 1 in the appropriate field.

Male Assistant Coaches										Female Assistant Coaches			
Varsity Teams	Assigned to Team on a Full-Time Basis	Assigned to Team on a Part-Time Basis	Full-Time Institution Employee	Part-Time Institution Employee or Volunteer	Assigned to Team on a Full-Time Basis	Assigned to Team on a Part-Time Basis	Full-Time Institution Employee	Part-Time Institution Employee or Volunteer	Total Assistant Coaches				
Baseball	2	1	2	1					3				
Basketball	3		3						3				
Fencing		2	2						2				
Football	9		9						9				
Golf	1		1						1				
Lacrosse	2	1	2	1					3				
Soccer	2	1	2	1					3				
Swimming and Diving (combined)		3	2	1		3	2	1	6				
Tennis	1	1	1	1					2				
Track and Field and Cross Country (combined)		4	3	1		2	2		6				
Wrestling	2	1	2	1					3				
Coaching Position Totals	22	14	29	7	0	5	4	1	41				
CAVEAT													

Assistant Coaches - Women's Teams

• For each women's team, indicate whether the assistant coach is male or female, was assigned to the team on a full-time or part-time basis, and whether the coach was employed by the institution on a full-time basis or on a part-time or volunteer basis, by entering a 1 in the appropriate field.									
Male Assistant Coaches					Female Assistant Coaches				
Varsity Teams	Assigned to Team on a Full-Time Basis	Assigned to Team on a Part-Time Basis	Full-Time Institution Employee	Part-Time Institution Employee or Volunteer	Assigned to Team on a Full-Time Basis	Assigned to Team on a Part-Time Basis	Full-Time Institution Employee	Part-Time Institution Employee or Volunteer	Total Assistant Coaches
Basketball	1		1		2		2		3
Fencing		2	2						2
Field Hockey	2		2			1		1	3
Golf					1		1		1
Gymnastics					1		1		1
Lacrosse	1		1		1	1	1	1	3
Rowing					2	1	2	1	3
Soccer	2	1	2	1		1		1	4
Softball	1		1		1	1	1	1	3
Swimming and Diving (combined)		3	2	1		3	2	1	6
Tennis					1		1		1
Track and Field and Cross Country (combined)		4	3	1		2	2		6
Volleyball	1	1	1	1	1		1		3
Coaching Position Totals	8	11	15	4	10	10	14	6	39
CAVEAT									

Assistant Coaches' Salaries - Men's and Women's Teams

- Enter only salaries and bonuses that your institution pays assistant coaches as compensation for coaching. Do not include benefits on this screen.
- Do not include volunteer coaches in calculating the average salary and the Full-Time Equivalent (FTE) Total.
- For help calculating the FTE total click on the “Need help? Click here for screen instructions” link on this screen.

	Men's Teams	Women's Teams
Average Annual Institutional Salary per Assistant Coach (for coaching duties only)	108,581	55,715
Number of Assistant Coaches Used to Calculate the Average	33	29
Number of Volunteer Assistant Coaches. (Do not include these coaches in your salary or FTE calculations.)	8	10
Average Annual Institutional Salary per Full-time equivalent (FTE)	130,868	69,108
Sum of Full-Time Equivalent (FTE) Positions Used to Calculate the Average	27.38	23.38
CAVEAT		

Athletically Related Student Aid - Men's and Women's Teams

- **Athletically related student aid is any scholarship, grant, or other form of financial assistance, offered by an institution, the terms of which require the recipient to participate in a program of intercollegiate athletics at the institution. Other student aid, of which a student-athlete simply happens to be the recipient, is not athletically related student aid. If you do not have any aid to report, enter a 0.**

	Men's Teams	Women's Teams	Total
Amount of Aid	5,937,127	5,184,734	11,121,861
Ratio (percent)	53	47	100%
CAVEAT			

Recruiting Expenses - Men's and Women's Teams

Recruiting expenses are all expenses an institution incurs attributable to recruiting activities. This includes, but is not limited to, expenses for lodging, meals, telephone use, and transportation (including vehicles used for recruiting purposes) for both recruits and personnel engaged in recruiting, and other expenses for official and unofficial visits, and all other expenses related to recruiting. If you do not have any recruiting expenses to report, enter a 0.

	Men's Teams	Women's Teams	Total
Total	<input type="text" value="1,102,893"/>	<input type="text" value="391,610"/>	1,494,503
CAVEAT			
	<input type="text"/>		

Operating (Game-Day) Expenses - Men's and Women's Teams by Team

- Operating expenses are all expenses an institution incurs attributable to home, away, and neutral-site intercollegiate athletic contests (commonly known as "game-day expenses"), for (A) Lodging, meals, transportation, uniforms, and equipment for coaches, team members, support staff (including, but not limited to team managers and trainers), and others; and (B) Officials.
- For a sport with a men's team and a women's team that have a combined budget, click on the "Need help? Click here for screen instructions" link for special instructions.

Varsity Teams	Men's Teams			Women's Teams			Total Operating Expenses
	Participants	Operating Expenses per Participant	By Team	Participants	Operating Expenses per Participant	By Team	
Basketball	16	135,187	2,162,984	15	54,943	824,150	2,987,134
Football	130	20,366	2,647,516				2,647,516
Baseball	38	18,419	699,909				699,909
Fencing	30	1,741	52,222	25	1,741	43,518	95,740
Field Hockey				28	4,412	123,537	123,537
Golf	11	5,337	58,709	9	5,690	51,209	109,918
Gymnastics				13	4,913	63,863	63,863
Lacrosse	48	4,589	220,253	37	2,569	95,045	315,298
Rowing				72	1,231	88,617	88,617
Soccer	39	4,221	164,621	38	4,192	159,278	323,899
Softball				25	7,888	197,203	197,203
Swimming and Diving (combined)	36	2,812	101,242	32	2,812	89,992	191,234
Tennis	15	8,074	121,112	9	15,461	139,146	260,258
Track and Field and Cross Country (combined)	111	1,340	148,737	83	1,340	111,217	259,954
Volleyball				18	7,446	134,029	134,029
Wrestling	29	1,910	55,399				55,399
Total Operating Expenses Men's and Women's Teams	503		6,432,704	404		2,120,804	8,553,508

CAVEAT

Note: This screen is for game-day expenses only.


Total Expenses - Men's and Women's Teams

• Enter all expenses attributable to intercollegiate athletic activities. This includes appearance guarantees and options, athletically related student aid, contract services, equipment, fundraising activities, operating expenses, promotional activities, recruiting expenses, salaries and benefits, supplies, travel, and any other expenses attributable to intercollegiate athletic activities.			
Varsity Teams	Men's Teams		Total
Basketball	7,811,021	3,353,452	11,164,473
Football	15,912,188		15,912,188
Baseball	2,009,880		2,009,880
Fencing	140,531	131,827	272,358
Field Hockey		956,424	956,424
Golf	399,959	442,872	842,831
Gymnastics		671,874	671,874
Lacrosse	1,150,564	912,326	2,062,890
Rowing		402,860	402,860
Soccer	819,948	1,204,889	2,024,837
Softball		912,632	912,632
Swimming and Diving (combined)	687,301	820,269	1,507,570
Tennis	448,534	641,424	1,089,958
Track and Field and Cross Country (combined)	868,197	1,027,134	1,895,331
Volleyball		912,196	912,196
Wrestling	714,676		714,676
Total Expenses of all Sports, Except Football and Basketball, Combined	7,239,590	9,036,727	16,276,317
Total Expenses Men's and Women's Teams	30,962,799	12,390,179	43,352,978
Not Allocated by Gender/Sport (Expenses not attributable to a particular sport or sports)			34,778,416
Grand Total Expenses			78,131,394
CAVEAT			

Total Revenues - Men's and Women's Teams

<div><div><div></div><div></div></div><div><div>Your total revenues must cover your total expenses.</div><div>Enter all revenues attributable to intercollegiate athletic activities. This includes revenues from appearance guarantees and options, an athletic conference, tournament or bowl games, concessions, contributions from alumni and others, institutional support, program advertising and sales, radio and television, royalties, signage and other sponsorships, sport camps, state or other government support, student activity fees, ticket and luxury box sales, and any other revenues attributable to intercollegiate athletic activities.</div></div></div>					
Varsity Teams	Men's Teams		Women's Teams		Total
Basketball		19,632,779		728,131	20,360,910
Football		31,481,105			31,481,105
Baseball		1,178,494			1,178,494
Fencing		4,283		4,283	8,566
Field Hockey				546,317	546,317
Golf		270,695		265,882	536,577
Gymnastics				441,313	441,313
Lacrosse		656,980		506,839	1,163,819
Rowing				102,187	102,187
Soccer		539,056		717,813	1,256,869
Softball				531,837	531,837
Swimming and Diving (combined)		433,347		577,565	1,010,912
Tennis		160,436		342,946	503,382
Track and Field and Cross Country (combined)		439,920		636,377	1,076,297
Volleyball				484,227	484,227
Wrestling		416,053			416,053
Total Revenues of all Sports, Except Football and Basketball, Combined		4,099,264		5,157,586	9,256,850
Total Revenues Men's and Women's Teams		55,213,148		5,885,717	61,098,865
Not Allocated by Gender/Sport (Revenues not attributable to a particular sport or sports)					17,042,228
Grand Total for all Teams (includes by team and not allocated by gender/sport)					78,141,093
CAVEAT					

Summary - Men's and Women's Teams

• Your Grand Total Revenues must be equal to or greater than your Grand Total Expenses or you will not be able to lock your survey.				
		Men's Teams	Women's Teams	Total
1	Total of Head Coaches' Salaries	4,599,353	1,556,204	6,155,557
2	Total of Assistant Coaches' Salaries	3,583,173	1,615,735	5,198,908
3	Total Salaries (Lines 1+2)	8,182,526	3,171,939	11,354,465
4	Athletically Related Student Aid	5,937,127	5,184,734	11,121,861
5	Recruiting Expenses	1,102,893	391,610	1,494,503
6	Operating (Game-Day) Expenses	6,432,704	2,120,804	8,553,508
7	Summary of Subset Expenses (Lines 3+4+5+6)	21,655,250	10,869,087	32,524,337
8	Total Expenses for Teams	30,962,799	12,390,179	43,352,978
9	Total Expenses for Teams Minus Subset Expenses (Line 8 – Line 7)	9,307,549	1,521,092	10,828,641
10	Not Allocated Expenses			34,778,416
11	Grand Total Expenses (Lines 8+10)			78,131,394
12	Total Revenues for Teams	55,213,148	5,885,717	61,098,865
13	Not Allocated Revenues			17,042,228
14	Grand Total Revenues (Lines 12+13)			78,141,093
15	Total Revenues for Teams minus Total Expenses for Teams (Line 12-Line 8)	24,250,349	-6,504,462	17,745,887
16	Grand Total Revenues Minus Grand Total Expenses (Line 14- Line 11)			 9,699

To return to a data entry screen, click on the link in the [Navigation Menu](#).
To proceed to the Supplemental Information screen, click on the link in the [Navigation Menu](#) or click on the “Next” button on this screen.

Supplemental Information (optional)

- This screen may be used to help the reader better understand the data you have provided, or to help a prospective student-athlete make an informed choice of an athletics program.
- This information will be viewable on the EADA public website. Please do not include the names of individuals or write messages to the help desk.
- To explain specific data entered on a previous screen, please use the caveat box on that screen.

Attachment I: Annual NCAA Report Submitted by UNC-CH Dept of Athletics

Name of Reporting Institution: University of North Carolina, Chapel Hill
Information for the Reporting Year: 2013



Check to release your information to your conference ☐

This will enable your data to be included in a summary that is sent to the conference office if they request it.

Number of Undergraduates (i.e.; full-time, baccalaureate, degree-seeking students) by Gender:

(Use fall semester enrollment figures)

	Number	Percent
Male Undergraduates:	7728	41.8%
Female Undergraduates:	10775	58.2%
Total Undergraduates:	18503	100.0%

Institutional Contact:

Primary Contact Person:	Martina Ballen
Person best suited for the NCAA to contact with questions regarding the data submitted.	
Title:	Senior Associate Athletic Director & CFO
Phone:	(919) 962 - 2715
Email:	mballen@unc.edu

CEO:	Dr. Carol Folt
CEO's e-mail address:	carol.folt@unc.edu

* University CFO:	Kevin Seitz (Interim)
* University CFO's e-mail address:	krseitz@unc.edu

Auditors(NCAA Agreed-Upon Procedures):	Romeo Wiggins & Company, LLP

Current Classification:

NCAA division	<input checked="" type="radio"/> I-A	<input type="radio"/> II (with football)
	<input type="radio"/> I-AA	<input type="radio"/> II (without football)
	<input type="radio"/> I-AAA	<input type="radio"/> III (with football)
		<input type="radio"/> III (without football)

Miscellaneous Information:

Total Operating Expenses of the Entire Institution as Indicated on the Institution's Financial Statement:

Expenses:	2552476058
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Total annual debt service on athletic and university facilities:

Athletically-Related Facilities Annual Debt Service :	4987274
Institution's Annual Debt Service** :	130683098

Total debt outstanding on athletic and university facilities:

Athletically-Related Outstanding Debt Balance :	60881913
Institution's Total Outstanding Debt Balance** :	1479636379

Institution's Education and General Expenses:

* E & G as defined in NACUBO'S Finance and Reporting Manual: E&G expenses are categorized as instruction, research, public service, academic support, student services, instructional support, and scholarships and fellowships. E&G does not include auxiliary enterprises, hospitals or independent operations.

E & G :	1697197599
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Average Cost of Full Grant-In-Aid:

(Institution's total cost for tuition, fees, room and board, and books)

In-State:	18224
Out-of-State:	38976

15.02.5 Full Grant-in-Aid. A full grant-in-aid is financial aid that consists of tuition and fees, room and board, and required course-related books.

Total Cost of Attendance:

In-State:	22340
Out-of-State:	43848

15.02.2 Cost of attendance. The "cost of attendance" is an amount calculated by an institutional financial aid office, using federal regulations, that includes the total cost of tuition and fees, room and board, books and supplies, transportation, and other expenses related to attendance at the institution. (Adopted: 1/11/94) Refer to 15.02.2.1 for Calculation of Cost of Attendance.

Please verify the Men's, Women's and Mixed Teams your institution sponsors:

Sport	Men's Teams Only	Women's Teams Only	Mixed Teams
Baseball	X		
Basketball	X	X	
Bowling			
Cross Country	X	X	
Equestrian			
Fencing	X	X	
Field Hockey		X	
Football	X		
Golf	X	X	
Gymnastics		X	
Ice Hockey			
Lacrosse	X	X	
Rifle			
Rowing		X	
Rugby			
Sand Volleyball			
Skiing			
Soccer	X	X	
Softball		X	

Swimming	X	X	
Tennis	X	X	
Track, Indoor	X	X	
Track, Outdoor	X	X	
Volleyball		X	
Water Polo			
Wrestling	X		
Others			

Revenue/Expense Summary

ID	Item	Amount	Definition
1	Ticket Sales.	22511083	Include revenue received for sales of admissions to athletics events. Include ticket sales to the public, faculty and students, and money received for shipping and handling of tickets. Do not include ticket sales for conference and national tournaments that are pass-through transactions. Report amounts in excess of a ticket's face value paid by ticket purchasers (for example, to obtain preferential seating) in Category 4 (Contributions).
2	Student Fees	7249835	Include student fees assessed and restricted for support of intercollegiate athletics.
3	Guarantees.	1467293	Include revenue received from participation in away games.
4	Contributions.	18709609	Include amounts received directly from individuals, corporations, associations, foundations, clubs or other organizations that are designated, restricted or unrestricted by the donor for the operation of the athletics program. Report amounts paid in excess of a ticket's value. Contributions shall include cash, marketable securities and in-kind contributions. In-kind contributions may include dealer-provided automobiles (market value of the use of a car), apparel and soft-drink products for use by staff and teams. Do not report pledges until funds are allocated. Report gifts and merchandise from corporate sponsorship agreements in Category 12 (Royalties, Licensing, Advertisement and Sponsorship).
5	Compensation and Benefits Provided by a Third Party.	0	Include all amounts provided by a third party and contractually guaranteed by the institution, but not included on the institution's W-2 (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, compensation from camps, radio income, television income, and shoe and apparel income). This should equal Expense Categories 20 and 22 combined.
6	Direct State or Other Government Support.	0	Include state, municipal, federal and other government appropriations made in support of the operations of intercollegiate athletics. This amount includes funding specifically earmarked to the athletics department by government agencies for which the institution has no discretion to reallocate. Any state or other government support appropriated to the university, for which the university determines the dollar allocation to the athletics department shall be reported in Direct Institutional Support (item 7).
7	Direct Institutional Support.	0	Include value of institutional resources for the current operations of intercollegiate athletics, as well as all unrestricted funds allocated to the athletics department by the university (e.g., state funds, tuition, tuition waivers and transfers). Also include Federal Work Study support for student workers employed by athletics. Report actual amounts and do not net with Transfers to Institution (category 37).
8	Indirect Facilities and Administrative Support.	1905386	Include value of facilities and services provided by the institution not charged to athletics. This support may include an allocation for institutional administrative cost, facilities and maintenance, grounds and field maintenance, security, risk management, utilities, depreciation and debt service. If your institution does not currently track indirect institutional support, consult your business office for a reasonable allocation. If counted here, include offsetting expenditure equal in value in Expense Category 32 (Indirect Facilities and Administrative Support).
9	NCAA/Conference Distributions including all tournament revenues.	18078483	Include revenue received from participation in bowl games, tournaments and all NCAA distributions. This category includes amounts received for direct participation or through a sharing arrangement with an athletics conference, including shares of conference television agreements. If known by sport, report as such. Include any payments received from the NCAA for hosting a championship (permissible to include in Revenue Not Related to Specific Teams).
10	Broadcast, Television, Radio, and Internet Rights.	4907134	Include institutional revenue received directly for radio and television broadcasts, Internet and e-commerce rights received through institution-negotiated contracts.
11	Program Sales, Concessions, Novelty Sales, and Parking.	1926873	Include revenue of game programs, novelties, food or other concessions, and parking revenues. Revenue from sales of game program advertising is to be included in Revenue Category 12 (Royalties, Licensing, Advertisements and Sponsorships).
12	Royalties, Licensing, Advertisements and Sponsorships.	3868310	Include all revenue from corporate sponsorships, licensing, sales of advertisements, trademarks and royalties. An allocation will be necessary to distinguish revenues generated by athletics versus the university if payments are combined. Include the value of in-kind products and services provided as part of the sponsorship (e.g., equipment, apparel, soft drinks, water and isotonic products).
13	Sports Camp Revenues.	0	Include amounts received by the athletics department for sports-camps and clinics.
14	Endowment and Investment Income.	14458	Include endowment spending policy distribution and other investment income in support of the athletics department. These categories include only restricted investment and endowment income for the operations of intercollegiate athletics; institutional allocations of income from unrestricted endowments qualify as ?Direct Institutional Support.?
15	Other Operating Revenue.	2153878	Less than 5% of total revenues may appear on this line. If the number is greater than 5%, please reclassify adequate revenue to the appropriate category(ies) above to bring the category to less than 5% of the total operating revenue.
16	Total Operating Revenue.	82792342	Add Categories 1-15.
Expenses			
17	Athletic Student Aid.	11424567	Include the total amount of athletically related student aid awarded, including summer school and tuition discounts and waivers (including aid given to student-athletes who have exhausted their eligibility or who are inactive due to medical reasons). Athletics aid awarded to non-athletes (student-managers, graduate assistants, trainers) should be reported as Expenses Not Related to Specific Teams. It is permissible to report only dollars in the Expenses Not Related to Specific Teams row as long as you have reported non-zero entries for Equivalencies, Number of Students, and Dollars (all 3 required) for at least one sport.
18	Guarantees.	2156473	Include amounts paid to visiting participating institutions.
19	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	12866568	Include gross salaries, bonuses and benefits provided to head and assistant coaches, which includes all gross wages, benefits and bonuses attributable to coaching that would be reportable on university and related entities (e.g., foundations, booster clubs) W-2 and 1099 forms (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, supplemental retirement allowance, compensation from camps, radio income, television income, tuition remission, earned deferred compensation benefits). Place any payment made to previous coaches to satisfy a contractual agreement for coaching in Category 23 (Severance Payments).
20	Coaching Other Compensation and Benefits Paid by a Third Party.	0	Include all compensation paid to the coaching staff by a third party and contractually guaranteed by the institution, but not included on the institution's W-2 (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, compensation from camps, radio income, television income, shoe and apparel income). Expense Categories 20 and 22 combined should equal Revenue Category 5 (Compensation and Benefits Provided by a Third Party).
21	Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.	17983438	Include gross salaries, bonuses and benefits paid to administrative staff (i.e., football secretary, sport-specific trainer) that would be reportable on university and related entities (e.g., foundations, booster clubs) W-2 and 1099 forms (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, supplemental retirement allowance, compensation from camps, radio income, television income, tuition remission, earned deferred compensation benefits). Staff members responsible for the gender-specific athletics department, but not a specific sport (i.e., director of men's athletics), will have their compensation figures reported as Expenses Not Related to Specific Teams fields. Athletics department staff members who assist both men's and women's teams (sports information director, academic advisor) will be reported as Not Allocated by Gender column.
22	Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.	0	Include all compensation paid to the support staff by a third party and contractually guaranteed by the institution, but not included on the institution's W-2 (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, compensation from camps, radio income, television income, shoe and apparel income). Expense Categories 20 and 22 combined should equal Revenue Category 5 (Compensation and Benefits Provided by a Third Party).
23	Severance Payments.	875412	Include severance payments and applicable benefits recognized for past coaching and administrative personnel.
24	Recruiting.	1494503	Include transportation, lodging and meals for prospective student-athletes and institutional personnel on official and unofficial visits, telephone call charges, postage and such. Include value of use of institution's own vehicles or airplanes as well as in-kind value of loaned or contributed transportation.
25	Team Travel	4582841	Include air and ground travel, lodging, meals and incidentals for competition related to preseason, regular season and postseason. Amounts incurred for food and lodging for housing the team before a home game also should be included. Include value of use of the institution's own vehicles or airplanes as well as in-kind value of donor-provided transportation.
26	Equipment, Uniforms and Supplies.	3117068	Include items that are provided to the teams only. Equipment amounts are those expended from current or operating funds.
27	Game Expenses.	3860272	Include game-day expenses other than travel that are necessary for intercollegiate athletics competition, including officials, security, event staff, ambulance and such.
28	Fund Raising, Marketing and Promotion.	577414	Include costs associated with fund raising, marketing and promotion for media guides, brochures, recruiting publications and such.
29	Sports Camp Expenses.	0	Include all expenses paid by the athletics department, including non-athletics personnel salaries and benefits, from hosting sports camps and clinics. Athletics personnel salaries and benefits should be reported in Categories 19, 20, 21 or 22.
30	Direct Facilities, Maintenance, and Rental.	12209359	Include direct facilities costs charged to intercollegiate athletics, including building and grounds maintenance, utilities, rental fees, operating leases, equipment repair and maintenance, and debt service.
31	Spirit Groups	389311	Include support for spirit groups including bands, cheerleaders, mascots, dancers, etc.
32	Indirect Facilities and Administrative Support.	1905386	Include value of facilities and services provided by the institution not charged to athletics. This support may include an allocation for institutional administrative cost, facilities and maintenance, grounds and field maintenance, security, risk management, utilities, depreciation and debt service. If your institution does not currently track indirect institutional support, consult your business office for a reasonable allocation. If counted here, include offsetting amount equal in value in Revenue in Category 8 (Indirect Facilities and Administrative Support).
33	Medical Expenses and Medical Insurance	2328081	Include medical expenses and medical insurance premiums for student-athletes.
34	Memberships and Dues.	1490950	Include memberships, conference and association dues.

35	Other Operating Expenses.	5473496	Other operating expenses include printing and duplicating, subscriptions, business insurance, telephone, postage, operating and equipment leases, non-team travel and any other operating expense not reported elsewhere. Do not include indirect administration overhead provided by the university (use Category 32) or salaries and benefits (use Categories 19 or 21). Attempt to allocate all expenses to Categories 17 through 34 before using this category. As a guide, please limit this category to 10% of total operating expenses. If the number is greater than 10%, please provide the top three categories and amounts in the comments section below.
36	Total Operating Expenses.	82735139	Add Categories 17-35.
37	Transfers to Institution	0	Include, if applicable, the amount of athletic-generated revenues or athletic reserves that are contributed back to your institution for other institutional initiatives outside of athletics. Amount reported should not be deducted from Direct Institutional Support (category 7) allocated to athletics by your institution.
38	Total Expenses	82735139	Add Categories 36-37.

Revenue/Expense Detail

1	Ticket Sales.	22511083	Include revenue received for sales of admissions to athletics events. Include ticket sales to the public, faculty and students, and money received for shipping and handling of tickets. Do not include ticket sales for conference and national tournaments that are pass-through transactions. Report amounts in excess of a ticket's face value paid by ticket purchasers (for example, to obtain preferential seating) in Category 4 (Contributions).
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Revenues by Source	Ticket Sales.	Ticket Sales.	Ticket Sales.
Baseball	247823		
Basketball	10494241	119953	
Fencing			
Field Hockey			
Football	11103737		
Golf			
Gymnastics			
Lacrosse	26658		
Rowing			
Soccer	12656	12224	
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams	21885115	132177	
Revenue Not Related to Specific Teams			493791
Total Revenue	21885115	132177	493791

2	Student Fees	7249835	Include student fees assessed and restricted for support of intercollegiate athletics.
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Revenues by Source	Student Fees	Student Fees	Student Fees
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Revenue Not Related to Specific Teams	3624918	3624917	
Total Revenue	3624918	3624917	

3	Guarantees.	1467293	Include revenue received from participation in away games.
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Revenues by Source	Guarantees.	Guarantees.	Guarantees.
Baseball	10000		
Basketball	309293		
Fencing			
Field Hockey			
Football	1100000		
Golf			
Gymnastics			
Lacrosse	37000		
Rowing			
Soccer			
Softball		2500	
Swimming	250	250	
Tennis			
Track and Field, X-Country	4000	4000	
Volleyball			

Others			
Wrestling			
Subtotal All Teams	1460543	6750	
Revenue Not Related to Specific Teams			
Total Revenue	1460543	6750	

4	Contributions.	18709609	Include amounts received directly from individuals, corporations, associations, foundations, clubs or other organizations that are designated, restricted or unrestricted by the donor for the operation of the athletics program. Report amounts paid in excess of a ticket's value. Contributions shall include cash, marketable securities and in-kind contributions. In-kind contributions may include dealer-provided automobiles (market value of the use of a car), apparel and soft-drink products for use by staff and teams. Do not report pledges until funds are allocated. Report gifts and merchandise from corporate sponsorship agreements in Category 12 (Royalties, Licensing, Advertisement and Sponsorship).
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Revenues by Source	Men's Teams Only Contributions.	Women's Teams Only Contributions.	Not Allocated by Gender Contributions.
Baseball	520544		
Basketball	1079715	537824	
Fencing	8282	8283	
Field Hockey		499775	
Football	5041046		
Golf	273926	250424	
Gymnastics		435879	
Lacrosse	534852	510759	
Rowing		107404	
Soccer	447363	672980	
Softball		532832	
Swimming	433474	572154	
Tennis	212103	339740	
Track and Field, X-Country	419911	606458	
Volleyball		491471	
Others			
Wrestling	408393		
Subtotal All Teams	9379609	5565983	
Revenue Not Related to Specific Teams			3764017
Total Revenue	9379609	5565983	3764017

5	Compensation and Benefits Provided by a Third Party.		0 Include all amounts provided by a third party and contractually guaranteed by the institution, but not included on the institution's W-2 (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, compensation from camps, radio income, television income, and shoe and apparel income). This should equal Expense Categories 20 and 22 combined.
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Revenues by Source	Men's Teams Only Compensation and Benefits Provided by a Third Party.	Women's Teams Only Compensation and Benefits Provided by a Third Party.	Not Allocated by Gender Compensation and Benefits Provided by a Third Party.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Revenue Not Related to Specific Teams			
Total Revenue			

6	Direct State or Other Government Support.		0 Include state, municipal, federal and other government appropriations made in support of the operations of intercollegiate athletics. This amount includes funding specifically earmarked to the athletics department by government agencies for which the institution has no discretion to reallocate. Any state or other government support appropriated to the university, for which the university determines the dollar allocation to the athletics department shall be reported in Direct Institutional Support (item 7).
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Revenues by Source	Men's Teams Only Direct State or Other Government Support.	Women's Teams Only Direct State or Other Government Support.	Not Allocated by Gender Direct State or Other Government Support.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			

Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Revenue Not Related to Specific Teams			
Total Revenue			

7	Direct Institutional Support.	0	Include value of institutional resources for the current operations of intercollegiate athletics, as well as all unrestricted funds allocated to the athletics department by the university (e.g., state funds, tuition, tuition waivers and transfers). Also include Federal Work Study support for student workers employed by athletics. Report actual amounts and do not net with Transfers to Institution (category 37).
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Revenues by Source	Men's Teams Only Direct Institutional Support.	Women's Teams Only Direct Institutional Support.	Not Allocated by Gender Direct Institutional Support.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Revenue Not Related to Specific Teams			
Total Revenue			

8	Indirect Facilities and Administrative Support.	1905386	Include value of facilities and services provided by the institution not charged to athletics. This support may include an allocation for institutional administrative cost, facilities and maintenance, grounds and field maintenance, security, risk management, utilities, depreciation and debt service. If your institution does not currently track indirect institutional support, consult your business office for a reasonable allocation. If counted here, include offsetting expenditure equal in value in Expense Category 32 (Indirect Facilities and Administrative Support).
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Revenues by Source	Men's Teams Only Indirect Facilities and Administrative Support.	Women's Teams Only Indirect Facilities and Administrative Support.	Not Allocated by Gender Indirect Facilities and Administrative Support.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Revenue Not Related to Specific Teams			1905386
Total Revenue			1905386

9	NCAA/Conference Distributions including all tournament revenues.	18078483	Include revenue received from participation in bowl games, tournaments and all NCAA distributions. This category includes amounts received for direct participation or through a sharing arrangement with an athletics conference, including shares of conference television agreements. If known by sport, report as such. Include any payments received from the NCAA for hosting a championship (permissible to include in Revenue Not Related to Specific Teams).
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Revenues by Source	Men's Teams Only NCAA/Conference Distributions including all tournament revenues.	Women's Teams Only NCAA/Conference Distributions including all tournament revenues.	Not Allocated by Gender NCAA/Conference Distributions including all tournament revenues.
Baseball	334123		
Basketball	5364376	25000	
Fencing	0	0	
Field Hockey		11311	
Football	11918983		
Golf	5200	8500	
Gymnastics		6896	
Lacrosse	37246	4752	
Rowing		0	
Soccer	23459	13701	
Softball		0	
Swimming	838	838	
Tennis	819	7068	

Track and Field, X-Country	12870	12870	
Volleyball		0	
Others			
Wrestling	0		
Subtotal All Teams	17697914	90936	
Revenue Not Related to Specific Teams			289633
Total Revenue	17697914	90936	289633

10	Broadcast, Television, Radio, and Internet Rights.	4907134	Include institutional revenue received directly for radio and television broadcasts, Internet and e-commerce rights received through institution-negotiated contracts.
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Revenues by Source	Broadcast, Television, Radio, and Internet Rights.	Broadcast, Television, Radio, and Internet Rights.	Broadcast, Television, Radio, and Internet Rights.
Baseball			
Basketball	2378093		
Fencing			
Field Hockey			
Football	2385541		
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams	4763634		
Revenue Not Related to Specific Teams			143500
Total Revenue	4763634		143500

11	Program Sales, Concessions, Novelty Sales, and Parking.	1926873	Include revenue of game programs, novelties, food or other concessions, and parking revenues. Revenue from sales of game program advertising is to be included in Revenue Category 12 (Royalties, Licensing, Advertisements and Sponsorships).
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Revenues by Source	Program Sales, Concessions, Novelty Sales, and Parking.	Program Sales, Concessions, Novelty Sales, and Parking.	Program Sales, Concessions, Novelty Sales, and Parking.
Baseball	224049		
Basketball	683105	27852	
Fencing			
Field Hockey		1849	
Football	803612		
Golf			
Gymnastics		5257	
Lacrosse	28712	3738	
Rowing			
Soccer	13033	12701	
Softball		6602	
Swimming			
Tennis			
Track and Field, X-Country	338	338	
Volleyball		6730	
Others			
Wrestling	1483		
Subtotal All Teams	1754332	65067	
Revenue Not Related to Specific Teams			107474
Total Revenue	1754332	65067	107474

12	Royalties, Licensing, Advertisements and Sponsorships.	3868310	Include all revenue from corporate sponsorships, licensing, sales of advertisements, trademarks and royalties. An allocation will be necessary to distinguish revenues generated by athletics versus the university if payments are combined. Include the value of in-kind products and services provided as part of the sponsorship (e.g., equipment, apparel, soft drinks, water and isotonic products).
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Revenues by Source	Royalties, Licensing, Advertisements and Sponsorships.	Royalties, Licensing, Advertisements and Sponsorships.	Royalties, Licensing, Advertisements and Sponsorships.
Baseball	3600		
Basketball			
Fencing			
Field Hockey			
Football			
Golf	1250		
Gymnastics		3000	
Lacrosse			
Rowing			
Soccer	10000	10000	
Softball		6150	
Swimming	1000	1000	
Tennis		2000	
Track and Field, X-Country			

Volleyball		2000	
Others			
Wrestling			
Subtotal All Teams	15850	24150	
Revenue Not Related to Specific Teams	750000	750000	2328310
Total Revenue	765850	774150	2328310

13	Sports Camp Revenues.	0	Include amounts received by the athletics department for sports-camps and clinics.
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Revenues by Source	Men's Teams Only Sports Camp Revenues.	Women's Teams Only Sports Camp Revenues.	Not Allocated by Gender Sports Camp Revenues.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Revenue Not Related to Specific Teams			
Total Revenue			

14	Endowment and Investment Income.	14458	Include endowment spending policy distribution and other investment income in support of the athletics department. These categories include only restricted investment and endowment income for the operations of intercollegiate athletics; institutional allocations of income from unrestricted endowments qualify as ?Direct Institutional Support.?
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Revenues by Source	Men's Teams Only Endowment and Investment Income.	Women's Teams Only Endowment and Investment Income.	Not Allocated by Gender Endowment and Investment Income.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Revenue Not Related to Specific Teams			14458
Total Revenue			14458

15	Other Operating Revenue.	2153878	Less than 5% of total revenues may appear on this line. If the number is greater than 5%, please reclassify adequate revenue to the appropriate category(ies) above to bring the category to less than 5% of the total operating revenue.
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Revenues by Source	Men's Teams Only Other Operating Revenue.	Women's Teams Only Other Operating Revenue.	Not Allocated by Gender Other Operating Revenue.
Baseball	2724		
Basketball	1120	1256	
Fencing			
Field Hockey		2076	
Football	10609		
Golf	224	320	
Gymnastics		5280	
Lacrosse	6978	2966	
Rowing			
Soccer	3679	6700	
Softball		2472	
Swimming			
Tennis	1956		
Track and Field, X-Country			
Volleyball		1060	
Others			

Wrestling			
Subtotal All Teams	27290	22130	
Revenue Not Related to Specific Teams			2104458
Total Revenue	27290	22130	2104458

16	Total Operating Revenue.	82792342	Add Categories 1-15.
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Revenues by Source	Men's Teams Only Total Operating Revenue.	Women's Teams Only Total Operating Revenue.	Not Allocated by Gender Total Operating Revenue.
Baseball	1342863		
Basketball	20309943	711885	
Fencing	8282	8283	
Field Hockey		515011	
Football	32363528		
Golf	280600	259244	
Gymnastics		456312	
Lacrosse	671446	522215	
Rowing		107404	
Soccer	510190	728306	
Softball		550556	
Swimming	435562	574242	
Tennis	214878	348808	
Track and Field, X-Country	437119	623666	
Volleyball		501261	
Wrestling	409876		
Others			
Subtotal All Teams	56984287	5907193	
Revenue Not Related to Specific Teams	4374918	4374917	11151027
Total Revenue	61359205	10282110	11151027

17	Athletic Student Aid.	11424567	Include the total amount of athletically related student aid awarded, including summer school and tuition discounts and waivers (including aid given to student-athletes who have exhausted their eligibility or who are inactive due to medical reasons). Athletics aid awarded to non-athletes (student-managers, graduate assistants, trainers) should be reported as Expenses Not Related to Specific Teams. It is permissible to report only dollars in the Expenses Not Related to Specific Teams row as long as you have reported non-zero entries for Equivalencies, Number of Students, and Dollars (all 3 required) for at least one sport.
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Sport	Male Athletes					Female Athletes					Not Allocated by Gender				
	Countable Equivalency of Athletic Aid (A)	Exhausted Eligibility or Medical Equivalency (B)	Equivalencies Awarded in 2012-2013 (A+B)	Number of Students Receiving Athletic Aid	Total Dollar Amount	Countable Equivalency of Athletic Aid (C)	Exhausted Eligibility or Medical Equivalency (D)	Equivalencies Awarded in 2012-2013 (C+D)	Number of Students Receiving Athletic Aid	Total Dollar Amount	Countable Equivalency of Athletic Aid (E)	Exhausted Eligibility or Medical Equivalency (F)	Equivalencies Awarded in 2011-2012 (E+F)	Number of Students Receiving Athletic Aid	Total Dollar Amount
Baseball	11.69		11.69	20	344029										
Basketball	12		12	13	426572	14	.5	14.5	15	497624					
Fencing	0	0	0	0	0	0	0	0	0	0					
Field Hockey						12		12	14	457005					
Football	77.95	1.19	79.14	89	2438873										
Golf	4.48		4.48	11	122158	5.58	.21	5.79	8	179411					
Gymnastics						11.37	.74	12.11	13	409649					
Lacrosse	12.58		12.58	37	446299	11.99		11.99	29	481914					
Rowing						2.83		2.83	15	95134					
Soccer	8.9	1	9.9	29	303170	14	.5	14.5	21	586074					
Softball						12	.55	12.55	18	442869					
Swimming	9.9	.66	10.56	25	371565	13.76	.3	14.06	25	510245					
Tennis	4.34	.52	4.86	10	178669	8		8	8	327178					
Track and Field, X-Country	20.36		20.36	19	379625	29.76	.41	30.17	20	566172					
Volleyball						12		12	12	472821					
Wrestling	9.85	.75	10.6	14	398973										
Others															
Expenses Not Related to Specific Teams															988538
Totals	172.05	4.12	176.17	267	5409933	147.29	3.21	150.5	198	5026096					988538

18	Guarantees.	2156473	Include amounts paid to visiting participating institutions.
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Expenses by Object of Expenditure	Men's Teams Only Guarantees.	Women's Teams Only Guarantees.	Not Allocated by Gender Guarantees.
Baseball	14563		
Basketball	572000	147178	
Fencing			
Field Hockey			
Football	1400000		
Golf			
Gymnastics			
Lacrosse	9455		
Rowing			
Soccer	5500	4000	

Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball		3777	
Others			
Wrestling			
Subtotal All Teams	2001518	154955	
Expenses Not Related to Specific Teams			
Total Expenses	2001518	154955	

19	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	12866568	Include gross salaries, bonuses and benefits provided to head and assistant coaches, which includes all gross wages, benefits and bonuses attributable to coaching that would be reportable on university and related entities (e.g., foundations, booster clubs) W-2 and 1099 forms (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, supplemental retirement allowance, compensation from camps, radio income, television income, tuition remission, earned deferred compensation benefits). Place any payment made to previous coaches to satisfy a contractual agreement for coaching in Category 23 (Severance Payments).
20	Coaching Other Compensation and Benefits Paid by a Third Party.	0	Include all compensation paid to the coaching staff by a third party and contractually guaranteed by the institution, but not included on the institution's W-2 (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, compensation from camps, radio income, television income, shoe and apparel income). Expense Categories 20 and 22 combined should equal Revenue Category 5 (Compensation and Benefits Provided by a Third Party).

Men's Teams Head Coaches					Men's Teams Assistant Coaches			
Sport	Number of Positions	FTE	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	Coaching Other Compensation and Benefits Paid by a Third Party.	Number of Positions	FTE	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	Coaching Other Compensation and Benefits Paid by a Third Party.
Baseball	1	1	413971		2	2	255217	
Basketball	1	1	1945278		3	3	945607	
Fencing	1	.5	49966		2	.88	39698	
Football	1	1	1817501		9	9	2329625	
Golf	1	1	127232		1	1	47182	
Lacrosse	1	1	159469		2	2	112550	
Soccer	1	1	120250		2	2	99852	
Swimming	1	.5	58743		4	2	101829	
Tennis	1	1	121878		1	1	46040	
Track and Field, X-Country	1	.5	66427		5	2.5	180053	
Others								
Wrestling	1	1	96583		2	2	100663	
Subtotal All Teams	11	9.5	4977298		33	27.38	4258316	
Expenses Not Related to Specific Teams								
Total Expenses			4977298				4258316	

Women's Teams Head Coaches					Women's Teams Assistant Coaches			
Sport	Number of Positions	FTE	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	Coaching Other Compensation and Benefits Paid by a Third Party.	Number of Positions	FTE	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	Coaching Other Compensation and Benefits Paid by a Third Party.
Basketball	1	1	583272		3	3	608798	
Fencing	1	.5	49966		2	.88	39698	
Field Hockey	1	1	136660		2	2	108216	
Golf	1	1	111877		1	1	49110	
Gymnastics	1	1	110956		1	1	53200	
Lacrosse	1	1	118179		2	2	123108	
Rowing	1	1	93385		2	2	101090	
Soccer	1	1	178168		2	2	135291	
Softball	1	1	110745		2	2	116482	
Swimming	1	.5	58743		4	2	101829	
Tennis	1	1	110093		1	1	45514	
Track and Field, X-Country	1	.5	66427		5	2.5	180053	
Volleyball	1	1	123978		2	2	116116	
Others								
Subtotal All Teams	13	11.5	1852449		29	23.38	1778505	
Expenses Not Related to Specific Teams								
Total Expenses			1852449				1778505	

21	Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.	17983438	Include gross salaries, bonuses and benefits paid to administrative staff (i.e., football secretary, sport-specific trainer) that would be reportable on university and related entities (e.g., foundations, booster clubs) W-2 and 1099 forms (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, supplemental retirement allowance, compensation from camps, radio income, television income, tuition remission, earned deferred compensation benefits). Staff members responsible for the gender-specific athletics department, but not a specific sport (i.e., director of men's athletics), will have their compensation figures reported as Expenses Not Related to Specific Teams fields. Athletics department staff members who assist both men's and women's teams (sports information director, academic advisor) will be reported as Not Allocated by Gender column.
22	Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.	0	Include all compensation paid to the support staff by a third party and contractually guaranteed by the institution, but not included on the institution's W-2 (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, compensation from camps, radio income, television income, shoe and apparel income). Expense Categories 20 and 22 combined should equal Revenue Category 5 (Compensation and Benefits Provided by a Third Party).

Men's Teams Only			Women's Teams Only		Not Allocated by Gender	
Expenses by Object of Expenditure	Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.	Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.	Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.	Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.	Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.	Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.
Baseball	111593					
Basketball	1035004		338753			
Fencing	495		495			

Field Hockey			26031			
Football	1905450					
Golf	10599		418			
Gymnastics			7201			
Lacrosse	22560		10102			
Rowing			501			
Soccer	7693		46259			
Softball			5954			
Swimming	131		131			
Tennis	442		526			
Track and Field, X-Country	20486		20486			
Volleyball			7553			
Others						
Wrestling	524					
Subtotal All Teams	3114977		464410			
Expenses Not Related to Specific Teams					14404051	
Total Expenses	3114977		464410		14404051	

23	Severance Payments.	875412	Include severance payments and applicable benefits recognized for past coaching and administrative personnel.			
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Expenses by Object of Expenditure		Men's Teams Only Severance Payments.	Women's Teams Only Severance Payments.	Not Allocated by Gender Severance Payments.
Baseball				
Basketball				
Fencing				
Field Hockey				
Football		875412		
Golf				
Gymnastics				
Lacrosse				
Rowing				
Soccer				
Softball				
Swimming				
Tennis				
Track and Field, X-Country				
Volleyball				
Others				
Wrestling				
Subtotal All Teams		875412		
Expenses Not Related to Specific Teams				
Total Expenses		875412		

24	Recruiting.	1494503	Include transportation, lodging and meals for prospective student-athletes and institutional personnel on official and unofficial visits, telephone call charges, postage and such. Include value of use of institution's own vehicles or airplanes as well as in-kind value of loaned or contributed transportation.			
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Expenses by Object of Expenditure		Men's Teams Only Recruiting.	Women's Teams Only Recruiting.	Not Allocated by Gender Recruiting.
Baseball		43915		
Basketball		320304	142916	
Fencing		934	934	
Field Hockey			26536	
Football		539392		
Golf		13296	19746	
Gymnastics			11176	
Lacrosse		52398	27039	
Rowing			4914	
Soccer		37638	31320	
Softball			25835	
Swimming		25286	25286	
Tennis		21651	13292	
Track and Field, X-Country		25185	25185	
Volleyball			37431	
Others				
Wrestling		22894		
Subtotal All Teams		1102893	391610	
Expenses Not Related to Specific Teams				
Total Expenses		1102893	391610	

25	Team Travel	4582841	Include air and ground travel, lodging, meals and incidentals for competition related to preseason, regular season and postseason. Amounts incurred for food and lodging for housing the team before a home game also should be included. Include value of use of the institution's own vehicles or airplanes as well as in-kind value of donor-provided transportation.			
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Expenses by Object of Expenditure		Men's Teams Only Team Travel	Women's Teams Only Team Travel	Not Allocated by Gender Team Travel
Baseball		186525		
Basketball		1215104	574555	
Fencing		42610	42610	

Field Hockey		86580	
Football	780902		
Golf	34930	33063	
Gymnastics		22159	
Lacrosse	124865	39130	
Rowing		65947	
Soccer	98071	108954	
Softball		160113	
Swimming	65054	65054	
Tennis	72886	96453	
Track and Field, X-Country	101564	101564	
Volleyball		100598	
Others			
Wrestling	45957		
Subtotal All Teams	2768468	1496780	
Expenses Not Related to Specific Teams			317593
Total Expenses	2768468	1496780	317593

26	Equipment, Uniforms and Supplies.	3117068	Include items that are provided to the teams only. Equipment amounts are those expended from current or operating funds.
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Expenses by Object of Expenditure	Men's Teams Only Equipment, Uniforms and Supplies.	Women's Teams Only Equipment, Uniforms and Supplies.	Not Allocated by Gender Equipment, Uniforms and Supplies.
Baseball	108143		
Basketball	125704	89691	
Fencing	5260	5260	
Field Hockey		17831	
Football	941159		
Golf	8777	6946	
Gymnastics		6936	
Lacrosse	40399	24933	
Rowing		22670	
Soccer	14364	20635	
Softball		9571	
Swimming	25733	25733	
Tennis	37889	20853	
Track and Field, X-Country	24228	24228	
Volleyball		8495	
Others			
Wrestling	1630		
Subtotal All Teams	1333286	283782	
Expenses Not Related to Specific Teams	750000	750000	
Total Expenses	2083286	1033782	

27	Game Expenses.	3860272	Include game-day expenses other than travel that are necessary for intercollegiate athletics competition, including officials, security, event staff, ambulance and such.
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Expenses by Object of Expenditure	Men's Teams Only Game Expenses.	Women's Teams Only Game Expenses.	Not Allocated by Gender Game Expenses.
Baseball	472784		
Basketball	1038253	161039	
Fencing	0	0	
Field Hockey		22820	
Football	1076340		
Golf	15319	11518	
Gymnastics		43610	
Lacrosse	64777	42921	
Rowing		0	
Soccer	57496	34418	
Softball		27518	
Swimming	4829	4829	
Tennis	10737	23686	
Track and Field, X-Country	4185	4185	
Volleyball		24935	
Others			
Wrestling	7812		
Subtotal All Teams	2752532	401479	
Expenses Not Related to Specific Teams			706261
Total Expenses	2752532	401479	706261

28	Fund Raising, Marketing and Promotion.	577414	Include costs associated with fund raising, marketing and promotion for media guides, brochures, recruiting publications and such.
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Expenses by Object of Expenditure	Men's Teams Only Fund Raising, Marketing and Promotion.	Women's Teams Only Fund Raising, Marketing and Promotion.	Not Allocated by Gender Fund Raising, Marketing and Promotion.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			

Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Expenses Not Related to Specific Teams			577414
Total Expenses			577414

29	Sports Camp Expenses.	0	Include all expenses paid by the athletics department, including non-athletics personnel salaries and benefits, from hosting sports camps and clinics. Athletics personnel salaries and benefits should be reported in Categories 19, 20, 21 or 22.
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Expenses by Object of Expenditure	Men's Teams Only Sports Camp Expenses.	Women's Teams Only Sports Camp Expenses.	Not Allocated by Gender Sports Camp Expenses.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Expenses Not Related to Specific Teams			
Total Expenses			

30	Direct Facilities, Maintenance, and Rental.	12209359	Include direct facilities costs charged to intercollegiate athletics, including building and grounds maintenance, utilities, rental fees, operating leases, equipment repair and maintenance, and debt service.
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Expenses by Object of Expenditure	Men's Teams Only Direct Facilities, Maintenance, and Rental.	Women's Teams Only Direct Facilities, Maintenance, and Rental.	Not Allocated by Gender Direct Facilities, Maintenance, and Rental.
Baseball	616945		
Basketball	0	1464	
Fencing	0	0	
Field Hockey		94	
Football	4113518		
Golf	31384	30809	
Gymnastics		0	
Lacrosse	6595	253	
Rowing		2803	
Soccer	3211	32128	
Softball		41784	
Swimming	53048	53048	
Tennis	57006	57006	
Track and Field, X-Country	196	196	
Volleyball		8	
Others			
Wrestling	549		
Subtotal All Teams	4882452	219593	
Expenses Not Related to Specific Teams			7107314
Total Expenses	4882452	219593	7107314

31	Spirit Groups	389311	Include support for spirit groups including bands, cheerleaders, mascots, dancers, etc.
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Expenses by Object of Expenditure	Men's Teams Only Spirit Groups	Women's Teams Only Spirit Groups	Not Allocated by Gender Spirit Groups
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			

Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Expenses Not Related to Specific Teams			389311
Total Expenses			389311

32	Indirect Facilities and Administrative Support.	1905386	Include value of facilities and services provided by the institution not charged to athletics. This support may include an allocation for institutional administrative cost, facilities and maintenance, grounds and field maintenance, security, risk management, utilities, depreciation and debt service. If your institution does not currently track indirect institutional support, consult your business office for a reasonable allocation. If counted here, include offsetting amount equal in value in Revenue in Category 8 (Indirect Facilities and Administrative Support).
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Expenses by Object of Expenditure	Indirect Facilities and Administrative Support.	Indirect Facilities and Administrative Support.	Indirect Facilities and Administrative Support.
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Expenses Not Related to Specific Teams			1905386
Total Expenses			1905386

33	Medical Expenses and Medical Insurance	2328081	Include medical expenses and medical insurance premiums for student-athletes.
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Expenses by Object of Expenditure	Medical Expenses and Medical Insurance	Medical Expenses and Medical Insurance	Medical Expenses and Medical Insurance
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Expenses Not Related to Specific Teams			2328081
Total Expenses			2328081

34	Memberships and Dues.	1490950	Include memberships, conference and association dues.
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	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
Expenses by Object of Expenditure	Memberships and Dues.	Memberships and Dues.	Memberships and Dues.
Baseball	99		
Basketball	595	1169	
Fencing	0		
Field Hockey		488	
Football	4365		
Golf	265	739	
Gymnastics		995	
Lacrosse	600	250	
Rowing		1120	
Soccer	0	0	
Softball		300	

Swimming	150	150	
Tennis	475	475	
Track and Field, X-Country	983	983	
Volleyball		100	
Others			
Wrestling	510		
Subtotal All Teams	8042	6769	
Expenses Not Related to Specific Teams			1476139
Total Expenses	8042	6769	1476139

35	Other Operating Expenses.	5473496	Other operating expenses include printing and duplicating, subscriptions, business insurance, telephone, postage, operating and equipment leases, non-team travel and any other operating expense not reported elsewhere. Do not include indirect administration overhead provided by the university (use Category 32) or salaries and benefits (use Categories 19 or 21). Attempt to allocate all expenses to Categories 17 through 34 before using this category. As a guide, please limit this category to 10% of total operating expenses. If the number is greater than 10%, please provide the top three categories and amounts in the comments section below.
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Expenses by Object of Expenditure	Men's Teams Only Other Operating Expenses.	Women's Teams Only Other Operating Expenses.	Not Allocated by Gender Other Operating Expenses.
Baseball	64716		
Basketball	160351	162895	
Fencing	1216	1216	
Field Hockey		41839	
Football	466052		
Golf	21229	18704	
Gymnastics		15733	
Lacrosse	109265	58338	
Rowing		20512	
Soccer	33705	28753	
Softball		23723	
Swimming	30275	30275	
Tennis	12309	9216	
Track and Field, X-Country	43367	43367	
Volleyball		26687	
Others			
Wrestling	30921		
Subtotal All Teams	973406	481258	
Expenses Not Related to Specific Teams			4018832
Total Expenses	973406	481258	4018832

36	Total Operating Expenses.	82735139	Add Categories 17-35.
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Expenses by Object of Expenditure	Men's Teams Only Total Operating Expenses.	Women's Teams Only Total Operating Expenses.	Not Allocated by Gender Total Operating Expenses.
Baseball	2632500		
Basketball	7784772	3309354	
Fencing	140179	140179	
Field Hockey		924100	
Football	18688589		
Golf	432371	462341	
Gymnastics		681615	
Lacrosse	1149232	926167	
Rowing		408076	
Soccer	780950	1206000	
Softball		964894	
Swimming	736643	875323	
Tennis	559982	704292	
Track and Field, X-Country	846299	1032846	
Volleyball		922499	
Wrestling	707016		
Others			
Subtotal All Teams	34458533	12557686	
Expenses Not Related to Specific Teams	750000	750000	34218920
Total Expenses	35208533	13307686	34218920

37	Transfers to Institution	0	Include, if applicable, the amount of athletic-generated revenues or athletic reserves that are contributed back to your institution for other institutional initiatives outside of athletics. Amount reported should not be deducted from Direct Institutional Support (category 7) allocated to athletics by your institution.
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Expenses by Object of Expenditure	Men's Teams Only Transfers to Institution	Women's Teams Only Transfers to Institution	Not Allocated by Gender Transfers to Institution
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			

Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Wrestling			
Subtotal All Teams			
Expenses Not Related to Specific Teams			
Total Expenses			

38	Total Expenses	82735139	Add Categories 36-37.
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Expenses by Object of Expenditure	Men's Teams Only Total Expenses	Women's Teams Only Total Expenses	Not Allocated by Gender Total Expenses
Baseball			
Basketball			
Fencing			
Field Hockey			
Football			
Golf			
Gymnastics			
Lacrosse			
Rowing			
Soccer			
Softball			
Swimming			
Tennis			
Track and Field, X-Country			
Volleyball			
Wrestling			
Others			
Subtotal All Teams			
Expenses Not Related to Specific Teams			
Total Expenses			

50	Table 1	907	<p>Table 1 - - - Athletics Participation. A participant is a student-athlete who, as of the day of a varsity team's first scheduled contest in the traditional season: (a) is listed as a team member; (b) practices with the varsity team and receives coaching from one or more varsity coaches; or (c) receives athletically-related student aid.</p> <p>Any student who satisfies one or more of the criteria above is a participant, including a student on a team the institution designates or defines as junior varsity, freshman, or novice, or a student who does not play in a scheduled contest, whether for medical reasons or to preserve eligibility (i.e., a redshirt).</p> <p>Student-athletes who participate in more than one sport should be counted in each sport. The Coed Teams column is marked based on the content of the sports sponsored table (Mixed Sports) in the School Info page.</p> <p>Male practice players are NOT to be included as participants in this table.</p>
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Sport	Coed Teams	Number of Participants		Number of Participants Participating on a Second Team		Number of Participants Participating on a Third Team	
		Men's Teams	Women's Teams	Men's Teams	Women's Teams	Men's Teams	Women's Teams
Baseball		38					
Basketball		16	15				
Cross Country		21	16	20	15	19	15
Fencing		30	25				
Field Hockey			28				
Football		130		4		2	
Golf		11	9				
Gymnastics			13				
Lacrosse		48	37	1			
Rowing			72				
Soccer		39	38				
Softball			25				
Swimming		36	32				
Tennis		15	9				
Track, Indoor		46	33	46	32	21	15
Track, Outdoor		44	34	44	32	21	15
Volleyball			18				
Wrestling		29					
Others							
Total Participants		503	404	115	79	63	45
Per Participants		55.5%	44.5%				
Unduplicated Count of Participants		435.0	357.0				

51	Table 2A	11	Table 2A - - - Head Coaches Assignments Men's Teams
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Sport	Head Coaches of Men's Teams							
	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Baseball	1		1					
Basketball	1		1					
Fencing		1	1					
Football	1		1					
Golf	1		1					
Lacrosse	1		1					

Soccer	1		1				
Swimming		1	1				
Tennis	1		1				
Track and Field, X-Country		1	1				
Wrestling	1		1				
Others							
Coaching Position Totals	8	3	11				

52	Table 2B	13	Table 2B - - Head Coaches Assignments Women's Teams
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Head Coaches of Women's Teams								
Sport	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Basketball					1		1	
Fencing		1	1					
Field Hockey					1		1	
Golf					1		1	
Gymnastics	1		1					
Lacrosse					1		1	
Rowing					1		1	
Soccer	1		1					
Softball					1		1	
Swimming		1	1					
Tennis	1		1					
Track and Field, X-Country		1	1					
Volleyball	1		1					
Others								
Coaching Position Totals	4	3	7		6		6	

53	Table 3A	41	Table 3A - - Assistant Coaches Assignments Men's Teams
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Assistant Coaches of Men's Teams								
Sport	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Baseball	2	1	2	1				
Basketball	3		3					
Fencing		2	2					
Football	9		9					
Golf	1		1					
Lacrosse	2	1	2	1				
Soccer	2	1	2	1				
Swimming		3	2	1		3	2	1
Tennis	1	1	1	1				
Track and Field, X-Country		4	3	1		2	2	
Wrestling	2	1	2	1				
Others								
Coaching Position Totals	22	14	29	7		5	4	1

54	Table 3B	39	Table 3B - - Assistant Coaches Assignments Women's Teams
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Assistant Coaches of Women's Teams								
Sport	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Basketball	1		1		2		2	
Fencing		2	2					
Field Hockey	2		2			1		1
Golf					1		1	
Gymnastics					1		1	
Lacrosse	1		1		1	1	1	1
Rowing					2	1	2	1
Soccer	2	1	2	1		1		1
Softball	1		1		1	1	1	1
Swimming		3	2	1		3	2	1
Tennis					1		1	
Track and Field, X-Country		4	3	1		2	2	
Volleyball	1	1	1	1	1		1	
Others								
Coaching Position Totals	8	11	15	4	10	10	14	6

56	Table 4 - Operating Expenses	9036327	All expenses an institution incurs attributable to home, away, and neutral-site intercollegiate athletic contests (commonly known as "game-day expenses"), for (A) Lodging, meals, transportation, uniforms, and equipment for coaches, team members, support staff (including, but not limited to team managers and trainers), and others; and (B) Officials. This is calculated from data entered earlier in the system.				
			Operating Expenses		Per Capita Expenses		
			Sport	Men's Teams	Women's Teams	Men's Teams	Women's Teams
			Baseball	767452		20196	

Basketball	2379061	825285	148691	55019
Fencing	47870	47870	1596	1915
Field Hockey		127231		4544
Football	2798401		21526	
Golf	59026	51527	5366	5725
Gymnastics		72705		5593
Lacrosse	230041	106984	4793	2891
Rowing		88617		1231
Soccer	169931	164007	4357	4316
Softball		197202		7888
Swimming	95616	95616	2656	2988
Tennis	121512	140992	8101	15666
Track and Field, X-Country	129977	129977	1171	1566
Volleyball		134028		7446
Others				
Wrestling	55399		1910	
Total Operating Expense	6854286	2182041	13627	5401
Percent of Total	75.9%	24.1%		

Comments

55	Comments	Please include any comments.
null		

Revenues by Sport

70	Table 7 -- Revenues.	80886956	You must also include revenues attributable to intercollegiate athletic activities. This means revenues from appearance guarantees and options, an athletic conference, tournament or bowl games, concessions, contributions from alumni and others, institutional support, program advertising and sales, radio and television, royalties, signage and other sponsorships, sports camps, State or other government support, student activity fees, ticket and luxury box sales, and any other revenues attributable to intercollegiate athletic activities. This is calculated from data entered earlier in the system.
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	Men's Teams Only Table 7 -- Revenues.	Women's Teams Only Table 7 -- Revenues.	Not Allocated by Gender Table 7 -- Revenues.	Total Table 7 -- Revenues.
Baseball	1342863			1342863
Basketball	20309943	711885		21021828
Fencing	8282	8283		16565
Field Hockey		515011		515011
Football	32363528			32363528
Golf	280600	259244		539844
Gymnastics		456312		456312
Lacrosse	671446	522215		1193661
Rowing		107404		107404
Soccer	510190	728306		1238496
Softball		550556		550556
Swimming	435562	574242		1009804
Tennis	214878	348808		563686
Track and Field, X-Country	437119	623666		1060785
Volleyball		501261		501261
Wrestling	409876			409876
Others				0
Total Revenue excluding football and basketball	4310816	5195308		9506124
Total Revenue	56984287	5907193		62891480
Revenue Not Related to Specific Teams	4374918	4374917	9245641	17995476
Grand Total Revenue	61359205	10282110	9245641	80886956

Expenses by Sport

71	Table 8 -- Expenses.	80829753	Expenses attributable to intercollegiate athletic activities. These include appearance guarantees and options, athletically related student aid, contract services, equipment, fundraising activities, operating expenses i.e.(game-day expenses), promotional activities, recruiting expenses, salaries and benefits, supplies, travel, and any other expenses attributable to intercollegiate athletic activities. This is calculated from data entered earlier in the system.
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	Men's Teams Only Table 8 -- Expenses.	Women's Teams Only Table 8 -- Expenses.	Not Allocated by Gender Table 8 -- Expenses.	Total Table 8 -- Expenses.
Baseball	2632500			2632500
Basketball	7784772	3309354		11094126
Fencing	140179	140179		280358
Field Hockey		924100		924100
Football	18688589			18688589
Golf	432371	462341		894712
Gymnastics		681615		681615
Lacrosse	1149232	926167		2075399
Rowing		408076		408076
Soccer	780950	1206000		1986950
Softball		964894		964894
Swimming	736643	875323		1611966
Tennis	559982	704292		1264274
Track and Field, X-Country	846299	1032846		1879145
Volleyball		922499		922499
Wrestling	707016			707016
Others				0
Total Expenses excluding football and basketball	7985172	9248332		17233504

Total Expenses	34458533	12557686		47016219
Expenses Not Related to Specific Teams	750000	750000	32313534	33813534
Grand Total Expenses	35208533	13307686	32313534	80829753

Miscellaneous Information

17	Athletically Related Student Aid	Include the total amount of athletically related student aid awarded, including summer school and tuition discounts and waivers (including aid given to student-athletes who have exhausted their eligibility or who are inactive due to medical reasons). Athletics aid awarded to non-athletes (student-managers, graduate assistants, trainers) should be reported as Expenses Not Related to Specific Teams. It is permissible to report only dollars in the Expenses Not Related to Specific Teams row as long as you have reported non-zero entries for Equivalencies, Number of Students, and Dollars (all 3 required) for at least one sport.
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Men's Teams	5409933
Women's Teams	5026096
Total Amount	10436029

24	Recruiting Expenditures	Include transportation, lodging and meals for prospective student-athletes and institutional personnel on official and unofficial visits, telephone call charges, postage and such. Include value of use of institution's own vehicles or airplanes as well as in-kind value of loaned or contributed transportation.
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Men's Teams	1102893
Women's Teams	391610
Total Recruiting Expenses	1494503

19	Head Coaches Salaries	Include gross salaries, bonuses and benefits provided to head and assistant coaches, which includes all gross wages, benefits and bonuses attributable to coaching that would be reportable on university and related entities (e.g., foundations, booster clubs) W-2 and 1099 forms (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, supplemental retirement allowance, compensation from camps, radio income, television income, tuition remission, earned deferred compensation benefits). Place any payment made to previous coaches to satisfy a contractual agreement for coaching in Category 23 (Severance Payments).
----	-----------------------	--

Average Salaries of Head Coaches	Dollars per FTE	FTE's	Dollars per Position	Number of Positions
Men's Teams	523926.11	9.5	452481.64	11
Women's Teams	161082.52	11.5	142496.08	13

19	Assistant Coaches Salaries	Include gross salaries, bonuses and benefits provided to head and assistant coaches, which includes all gross wages, benefits and bonuses attributable to coaching that would be reportable on university and related entities (e.g., foundations, booster clubs) W-2 and 1099 forms (e.g., car stipend, country club membership, entertainment allowance, clothing allowance, speaking fees, housing allowance, supplemental retirement allowance, compensation from camps, radio income, television income, tuition remission, earned deferred compensation benefits). Place any payment made to previous coaches to satisfy a contractual agreement for coaching in Category 23 (Severance Payments).
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Average Salaries of Assistant Coaches	Dollars per FTE	FTE's	Dollars per Position	Number of Positions
Men's Teams	155526.52	27.38	129039.88	33
Women's Teams	76069.5	23.38	61327.76	29

Statement of Revenues and Expenses For the year ended June 30, 2013 (UNAUDITED)	ID	Item	Men's				Non-Program	
			Football	Basketball	Women's Basketball	Other Sports	Specific	
	1	Ticket Sales.	11103737	10494241	119953	299361		493791
	2	Student Fees	0	0	0	0		7249835
	3	Guarantees.	1100000	309293	0	58000		0
	4	Contributions.	5041046	1079715	537824	8287007		3764017
	5	Compensation and Benefits Provided by a Third Party.	0	0	0	0		0
	6	Direct State or Other Government Support.	0	0	0	0		0
	7	Direct Institutional Support.	0	0	0	0		0
	8	Indirect Facilities and Administrative Support.	0	0	0	0		1905386
	9	NCAA/Conference Distributions including all tournament revenues.	11918983	5364376	25000	480491		289633
	10	Broadcast, Television, Radio, and Internet Rights.	2385541	2378093	0	0		143500
	11	Program Sales, Concessions, Novelty Sales, and Parking.	803612	683105	27852	304830		107474
	12	Royalties, Licensing, Advertisements and Sponsorships.	0	0	0	40000		3828310
	13	Sports Camp Revenues.	0	0	0	0		0
	14	Endowment and Investment Income.	0	0	0	0		14458
	15	Other Operating Revenue.	10609	1120	1256	36435		2104458
	16	Total Operating Revenue.	32363528	20309943	711885	9506124		19900862
		Expenses						
	17	Athletic Student Aid.	2438873	426572	497624	7072960		988538
	18	Guarantees.	1400000	572000	147178	37295		0
	19	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	4147126	2890885	1192070	4636487		0
	20	Coaching Other Compensation and Benefits Paid by a Third Party.	0	0	0	0		0
	21	Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.	1905450	1035004	338753	300180		14404051
	22	Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.	0	0	0	0		0
	23	Severance Payments.	875412	0	0	0		0
	24	Recruiting.	539392	320304	142916	491891		0
	25	Team Travel	780902	1215104	574555	1694687		317593
	26	Equipment, Uniforms and Supplies.	941159	125704	89691	460514		1500000
	27	Game Expenses.	1076340	1038253	161039	878379		706261
	28	Fund Raising, Marketing and Promotion.	0	0	0	0		577414
	29	Sports Camp Expenses.	0	0	0	0		0
	30	Direct Facilities, Maintenance, and Rental.	4113518	0	1464	987063		7107314
	31	Spirit Groups	0	0	0	0		389311
	32	Indirect Facilities and Administrative Support.	0	0	0	0		1905386
	33	Medical Expenses and Medical Insurance	0	0	0	0		2328081
	34	Memberships and Dues.	4365	595	1169	8682		1476139
	35	Other Operating Expenses.	466052	160351	162895	665366		4018832
	36	Total Operating Expenses.	18688589	7784772	3309354	17233504		35718920
	37	Transfers to Institution	0	0	0	0		0

38	Total Expenses	18688589	7784772	3309354	17233504	35718920	82735139
	Excess (Deficiencies) of Revenues Over (Under) Expenses	13674939	12525171	(-2597469)	(-7727380)	(-15818058)	57203



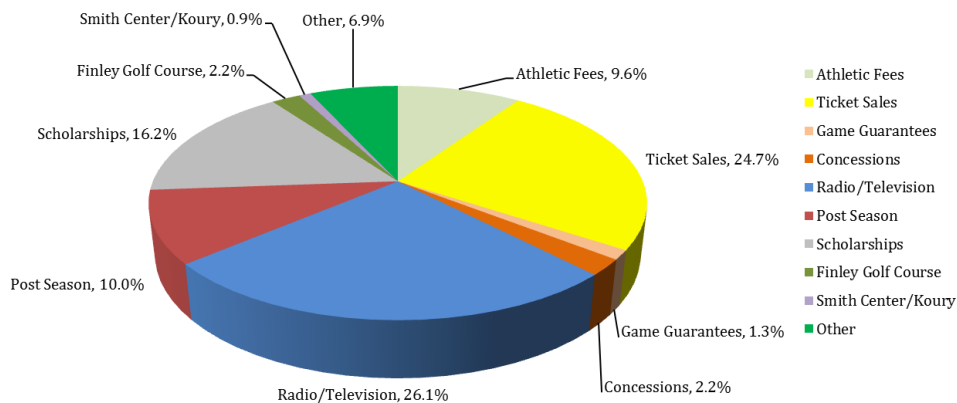
University of North Carolina Athletics FY14-15 Operating Budget

REVENUES	FY 14-15 BUDGET
Athletic Fees	\$7,222,194
Ticket Sales	\$18,593,909
Game Guarantees	\$965,000
Concessions	\$1,671,900
Radio/Television	\$19,663,452
Post Season	\$7,541,463
Scholarships	\$12,200,000
Finley Golf Course	\$1,678,500
Smith Center/Koury	\$680,600
Other	\$5,183,138
TOTAL REVENUES	\$75,400,156

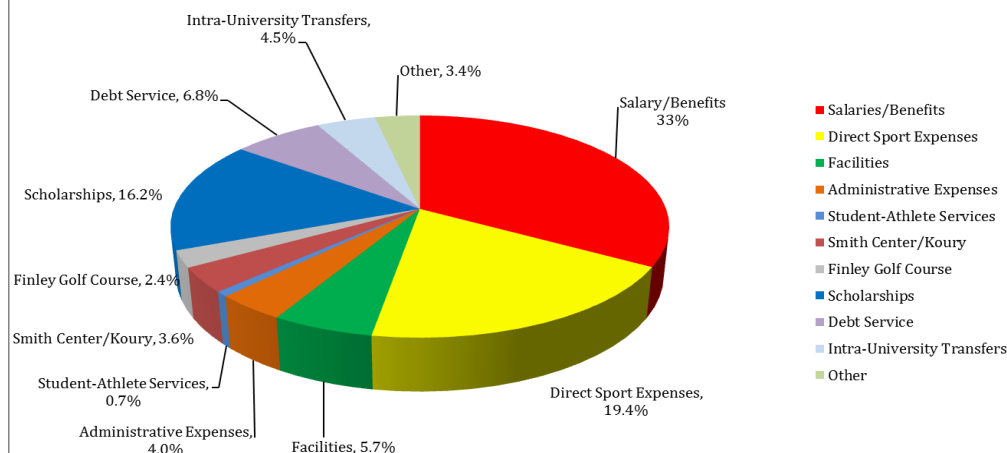
EXPENSES	FY 14-15 BUDGET
Salaries/Benefits	\$25,053,468
Direct Sport Expenses	\$14,622,101
Facilities	\$4,305,189
Administrative Expenses	\$2,979,099
Student-Athlete Services	\$544,673
Smith Center/Koury	\$2,737,619
Finley Golf Course	\$1,840,000
Scholarships	\$12,200,000
Debt Service	\$5,162,149
Intra-University Transfers	\$3,368,531
Other	\$2,547,327
TOTAL EXPENSES	\$75,360,156

NET OPERATING SURPLUS	\$40,000
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Revenue Breakdown 14-15



Expense Breakdown 14-15



The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
September 25, 2014

ATTACHMENT S

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Tenure Request Reason	Effective Date	Salary
Personnel Actions								
New Appointments without Tenure								
1	Health Sciences	William Fischer, II	Pulmonary & Critical Care Medicine	Clinical Instructor	Assistant Professor	N/A	10/1/2014	\$150,000.00
2	Academic Affairs	Sylvia Fitting	Psychology	N/A	Assistant Professor	N/A	1/1/2015	\$82,000.00
3	Academic Affairs	Scott Gifford	Marine Sciences	N/A	Assistant Professor	N/A	7/1/2015	\$75,000.00
4	Academic Affairs	Jacqueline Lawton	Dramatic Art	N/A	Assistant Professor	N/A	1/1/2015	\$65,000.00
5	Academic Affairs	Alecia Septer	Marine Sciences	N/A	Assistant Professor	N/A	7/1/2015	\$75,000.00
Addition of Joint Appointment without Tenure								
0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Promotion to Full Professor								
1	Academic Affairs	Shea Denning	School of Government	Associate Professor	Professor	N/A	11/1/2014	\$118,365.00
2	Health Sciences	Bahjat Oaqish	Biostatistics	Associate Professor	Professor	N/A	9/1/2014	\$131,299.00
Reappointments to the same Rank								
0	N/A							
Designation/Reappointments to Departmental Chair								
1	Academic Affairs	Daniel Knott	Military Science	Adjunct Professor	Department Chair	N/A	6/1/2014	\$0.00*
2	Health Sciences	Andre Ritter	Operative Dentistry	Professor	Interim Department Chair	N/A	7/1/2014	\$161,484.00
3	Health Sciences	Marschall Runge	Medicine	Distinguished Professor	Chair	N/A	9/26/2014	\$647,141.00
Designation/Reappointments to Distinguished Professorship								
1	Health Sciences	Ching-Chang Ko	Orthodontics	Professor	Dr. G. Fred Hale Distinguished Professor	N/A	10/1/2014	\$134,700.00
Actions Conferring Tenure								
Promotion Conferring Tenure								
1	Health Sciences	Anil Gehi	Cardiology	Assistant Professor	Associate Professor	Promotion recommendation to tenured associate professor based on excellence in clinical scholarship	10/1/2014	\$245,000.00
New Appointments Conferring Tenure								
0	N/A							
Addition of Joint Appointment Conferring Tenure								
0	N/A							
Corrections								
0	N/A	N/A						

* Daniel Knott's salary is paid by the US Army

The University of North Carolina at Chapel Hill

EXECUTIVE SUMMARY

Board of Trustees

July 14, 2014

Appendix B

No.	College/Division	Name	Department/School	Rank	Reason	Requested Increase Amount	Percent of Increase	Current Salary	New Salary	Effective Date
Compensation Actions						<small>* Available funding for each action has been confirmed by the appropriate Department and School/Division management officials to support the proposed salary increase. Upon implementation, specific funding sources are reviewed and approved at the Department level, as well as by the applicable University Central financial offices, including the University Budget Office and the Office of Sponsored Research for grant-funded salaries.</small>				
1	Health Affairs	Bruce Cairns	School of Medicine	Distinguished Professor	Increase due to being elected Chair of the Faculty and the additional duties in that role	\$80,000	18.81%	\$425,326	\$505,326	7/1/2014
2	Health Affairs	AnnaMarie Connolly	School of Medicine	Distinguished Professor	Increase due to additional duties as Vice Chair of Education	\$56,767	21.00%	\$297,142	\$327,142	10/1/2014
3	Academic Affairs	Brian Hogan	College of Arts and Sciences	Research Assistant Professor	Increase due to additional duties as Faculty Coordinator for Col Robinson Scholarship STEM Initiatives	\$12,000	15.89%	\$75,500	\$87,500	10/1/2014
4	Health Affairs	Anastasia Ivanova	School of Public Health	Associate Professor	Increase due to retention; counteroffer to offer made by Icon Clinical Research	\$19,945	15.95%	\$125,055	\$145,000	10/1/2014
5	Health Affairs	Kuo-Hsiung Yang	School of Pharmacy	Research Assistant Professor	Increase due to additional duties in teaching in the PharmD and PhD curriculum, and mentoring the PharmD students; as well as developing better infrastructures, new techniques, more publications, and supporting projects/investigators within the Delaney CARE Collaboratory to eradicate HIV.	\$15,000	18.75%	\$80,000	\$95,000	10/1/2014
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No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date
Non-Salary Compensation Actions									
0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA

UNC-CHAPEL HILL
OFFICE OF THE VICE CHANCELLOR FOR RESEARCH
REQUEST FOR APPROVAL FOR NON-SALARY COMPENSATION FOR RESEARCH STAFF AT A REMOTE
DUTY STATION IN RECOGNITION OF A FOREIGN GOVERNMENT PERSONAL TAX ASSESSMENT

September 2014

INTRODUCTION

In accord with the University of North Carolina at Chapel Hill Policy on Non-Salary and Deferred Compensation for Faculty and EPA Non-Faculty Employees, the Office of the Vice Chancellor for Research is seeking approval for non-salary compensation (retroactively and prospectively) for research faculty and staff that are based in a foreign country and subject to foreign governmental income taxes that are significantly above and beyond the 'normal' tax burdens for US citizens.

BACKGROUND

In 2011 the University recruited a team of nearly 30 research faculty and staff into the School of Medicine from the University of Alabama at Birmingham (UAB). This group's research is based in Zambia through a partnership with CIDRZ (Centre for Infectious Disease Research in Zambia), which is an independent, non-governmental health organization established to develop and provide research, training, and health services to local Zambian communities.

Under Zambian tax law, these employees are subject to a "Pay as you Earn (PAYE)" income tax of 35% of gross earnings because they are based in Zambia more than one-hundred-eighty one (181) days per calendar year. This was a previously unknown liability. A memorandum of understanding (MOU) had been developed that excused these employees from the PAYE tax when the project was at UAB. The MOU lapsed while the project was still at UAB, a fact that was not communicated to UNC-Chapel Hill when the project was moved here. As a consequence, UNC-Chapel Hill research faculty/staff salaries were not originally established with this expense in mind. Since the tax was not being remitted, the Zambian government began to shut down CIDRZ's ability to operate within the country, which would have meant that UNC-Chapel Hill would not have been able to proceed with the \$32M of research grants currently based in Zambia.

UNC-Chapel Hill and CIDRZ quickly developed plans for the University to cover the costs of this tax for its thirty (30) employees in the short-term, until longer-term, sustainable options could be implemented. The first payment for this tax was made for the month of April 2014 and is planned to continue until December 31, 2014. The tax paid for all employees through September 30, 2014 totals **\$708,204.12** and the anticipated tax payments from October 1 through December 31 total **\$134,646.60**. The grand total of the PAYE taxes to be paid on behalf of the impacted University employees is **\$842,850.72**, and the majority of this amount is funded by grants awarded to the University.

There is discussion and planning underway for a more permanent solution to this issue.

RECOMMENDED ACTION

Approval of non-salary compensation for payment of the Zambian PAYE tax as detailed in **Attachment A**, to be effective retroactively from April 1, 2014 through September 30, 2014, and prospectively until December 31, 2014.

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Attachment A: Zambian PAYE Tax Summary

<u>Employee</u>	<u>Title</u>	<u>Appointing Dept</u>	<u>Employee Type</u>	<u>Annual Salary</u>	<u>Taxes Paid Through Sept 30</u>	<u>Future Tax Payments Planned**</u>	<u>Total Taxes</u>
Charles Holmes	CIDRZ Director	Medicine - Infectious Diseases	Faculty	\$225,000.00	\$68,990.44	\$13,500.00	\$82,490.44
Carolyn Bolton	Chief Medical Officer	Obstetrics & Gynecology	Faculty	175,000.00	\$53,659.23	\$10,500.00	\$64,159.23
Groesbeck Parham	Faculty advisor, cervical cancer prev	Obstetrics & Gynecology	Faculty	\$215,000.00	\$65,924.19	\$12,900.00	\$78,824.19
Carla Chibwasha	Assistant Professor	Obstetrics & Gynecology	Faculty	175,000.00	\$53,659.23	\$10,500.00	\$64,159.23
Albert Manasyan	Assistant Professor	Obstetrics & Gynecology	Faculty	80,000.00	\$24,529.93	\$4,800.00	\$29,329.93
Katherine Cherry Liu*	Assistant Professor	Obstetrics & Gynecology	Faculty	153,000.00	\$20,105.78	\$0.00	\$20,105.78
Bethany Freeman	Director of research operations	Obstetrics & Gynecology	EPA Non-Faculty	\$105,000.00	\$32,195.54	\$6,300.00	\$38,495.54
Cheri Reid	Communications coordinator	Obstetrics & Gynecology	EPA Non-Faculty	75,976.00	\$23,296.08	\$4,558.56	\$27,854.64
Harmony Chi	Technical assistance - reporting	Obstetrics & Gynecology	EPA Non-Faculty	\$108,284.00	\$33,202.49	\$6,497.04	\$39,699.53
Kudakwashe Mucheka	ACCPAC manager	Obstetrics & Gynecology	EPA Non-Faculty	87,000.00	\$26,676.30	\$5,220.00	\$31,896.30
Shailendra Sharma	Senior network engineer	Obstetrics & Gynecology	EPA Non-Faculty	\$61,732.00	\$18,928.52	\$3,703.92	\$22,632.44
Theodora Savory	Provincial medical director	Obstetrics & Gynecology	EPA Non-Faculty	80,960.00	\$24,824.29	\$4,857.60	\$29,681.89
Stewart Reid	Associate Professor	Medicine - Infectious Diseases	Faculty	177,100.00	\$54,303.14	\$10,626.00	\$64,929.14
Laura Beres	Manager	Obstetrics & Gynecology	EPA Non-Faculty	\$60,720.00	\$18,618.22	\$3,643.20	\$22,261.42
David Parker	Senior Data Manager	Obstetrics & Gynecology	EPA Non-Faculty	\$110,000.00	\$33,728.66	\$6,600.00	\$40,328.66
Ben Chi	Chief Scientific Officer	Obstetrics & Gynecology	Faculty	\$214,000.00	\$65,617.57	\$12,840.00	\$78,457.57
Cheryl Rudd	Program Manager	Obstetrics & Gynecology	EPA Non-Faculty	\$65,000.00	\$19,930.57	\$3,900.00	\$23,830.57
<u>FELLOWS/TRAINEES</u>							
Mike Vinikoor	Clinical Fellow	Medicine - Infectious Diseases	EPA Non-Faculty	70,000.00	\$21,463.69	\$4,200.00	\$25,663.69
Nancy Hancock	Clinical Fellow	Obstetrics & Gynecology	EPA Non-Faculty	\$62,338.00	\$19,114.34	\$3,740.28	\$22,854.62
Arianna Zanolini	Post-Doc Trainee	Center for Global Health & Infectious Diseases	PostDoc	\$50,000.00	\$15,331.21	\$3,000.00	\$18,331.21
Allen Bateman	Post-Doc Trainee	Center for Global Health & Infectious Diseases	PostDoc	\$46,000.00	\$14,104.71	\$2,760.00	\$16,864.71
				<u>Totals</u>	<u>\$708,204.12</u>	<u>\$134,646.60</u>	<u>\$842,850.72</u>

* No longer in Zambia as of June 30, 2014

** Future tax payments are estimates provided through December 31, 2014