

# 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 25<sup>th</sup> 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 75<sup>th</sup> 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 75<sup>th</sup> 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 25<sup>th</sup> 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

<b>Enrolled First-Year Students, Recruited First-Year Student-Athletes (RFSAs), and UNC System Minimum Course Requirements (MCR)</b>	
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

<b>Recruited First-Year Student-Athletes (RFSAs), Minimum Admissions Requirements (MARs), and Minimum Course Requirements (MCRs)</b>					
<b>Sport</b>	<b># RFSAs by Sport</b>	<b># RFSAs Below HS GPA min only</b>	<b># RFSAs Below min SAT/ACT only</b>	<b># RFSAs Receiving MCR Exception only</b>	<b># RFSAs Below More Than One Requirement</b>
<b>Men's Sports</b>					
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				
<b>Women's Sports</b>					
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				
<b>TOTAL</b>	<b>163</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>

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

<b>Majors of Student-Athletes with Junior or Senior Status</b>		
<b>CIP2</b>	<b>Description</b>	<b>Number of Declared Majors</b>
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
	<b>TOTAL</b>	<b>183</b>

## **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%).

<b>First-Year Cohort Six-Year Graduation Rates</b>		
	<b>All Students</b>	<b>Student-Athletes</b>
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**

<b>Average Cumulative GPAs, Spring 2014</b>	
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;

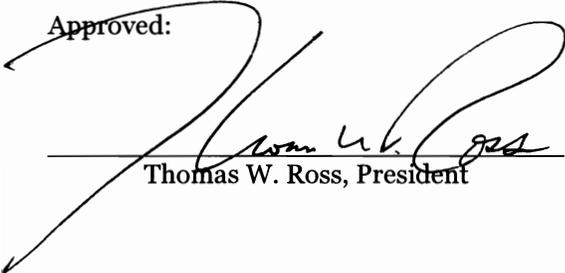
- b. Any especially effective practices the institution has adopted that reinforce the integral connection between academics and athletics;

- 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
<b>3. NCAA Academic Progress Rate</b>	Atlantic Coast Conference	976	979	988	977	Second
Overall Academic Progress Rate for entire athletics programs. 2013-14 reports are not yet available; these values represent 2012-13.	Big Ten	977	981	984	977	First
	Directors' Cup	977	981	985	977	First
	Peer Institutions	977	982	984	977	First
<b>4.a. Generated revenues / total athletics revenue (%)</b>	Atlantic Coast Conference	74%	86%	90%	89%	Third
Athletics-generated revenue (through ticket sales, alumni contributions, licensing) as a percentage of total athletics revenue	Big Ten	95%	98%	100%	89%	First
	Directors' Cup	90%	97%	100%	89%	First
	Peer Institutions	94%	96%	100%	89%	First
<b>6. Net revenues (\$)</b>	Atlantic Coast Conference	-\$446,838	\$1,158,426	\$3,162,971	\$57,203	Second
Total athletics revenue minus total athletics expenditures	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
<b>9. Total Expenditures (\$)</b>	Atlantic Coast Conference	\$63,433,687	\$66,836,502	\$83,835,127	\$82,735,139	Third
Total athletics expenditures (e.g., salaries, equipment, recruitment, student aid, etc.)	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
<b>11. Salaries and benefits (%)</b>	Atlantic Coast Conference	35%	37%	41%	38%	Third
Total athletics salaries and benefits as a percentage of total athletics expenditures.	Big Ten	29%	34%	36%	38%	Fourth
	Directors' Cup	34%	36%	40%	38%	Third
	Peer Institutions	35%	38%	41%	38%	Second
<b>15. Athletics expenses per student-athlete (\$)</b>	Atlantic Coast Conference	\$110,456	\$128,576	\$149,593	\$104,464	First
Total athletics expenditures divided by the number of unduplicated student-athletes	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
<b>16. Athletics expenditures / institutional expenditures (%)</b>	Atlantic Coast Conference	3%	5%	9%	3%	First
Total athletics expenditures as a percentage of total institutional expenditures	Big Ten	2%	4%	5%	3%	Second
	Directors' Cup	2%	4%	7%	3%	Second
	Peer Institutions	2%	3%	5%	3%	Second
<b>17. Athl. Exp. Rate of Change vs. Univ. Exp. Rate of Change (%)</b>	Atlantic Coast Conference	-9%	-2%	5%	-3%	Second
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.	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 Men				Freshman Rate Women				Freshman Rate 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
<b>Total</b>	<b>1539</b>	<b>87</b>	<b>6021</b>	<b>87</b>	<b>2338</b>	<b>92</b>	<b>8983</b>	<b>91</b>	<b>3877</b>	<b>90</b>	<b>15004</b>	<b>89</b>

**b. Student-Athletes**

	Freshman Rate Men						Freshman Rate Women						Freshman Rate 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
<b>Total</b>	<b>62</b>	<b>63</b>	<b>256</b>	<b>62</b>	<b>231</b>	<b>81</b>	<b>52</b>	<b>85</b>	<b>196</b>	<b>85</b>	<b>191</b>	<b>93</b>	<b>114</b>	<b>73</b>	<b>452</b>	<b>72</b>	<b>422</b>	<b>86</b>

c. Student-Athletes by Sport Category

<b>Baseball</b>				<b>Men's Basketball</b>				<b>Men's CC/Track</b>			
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
<b>Football</b>				<b>Men's Other</b>							
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				
<b>Women's Basketball</b>				<b>Women's CC/Track</b>				<b>Women's Other</b>			
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	Women	Total	b. Student-athletes	Men	Women	Total
	N	N	N		N	N	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

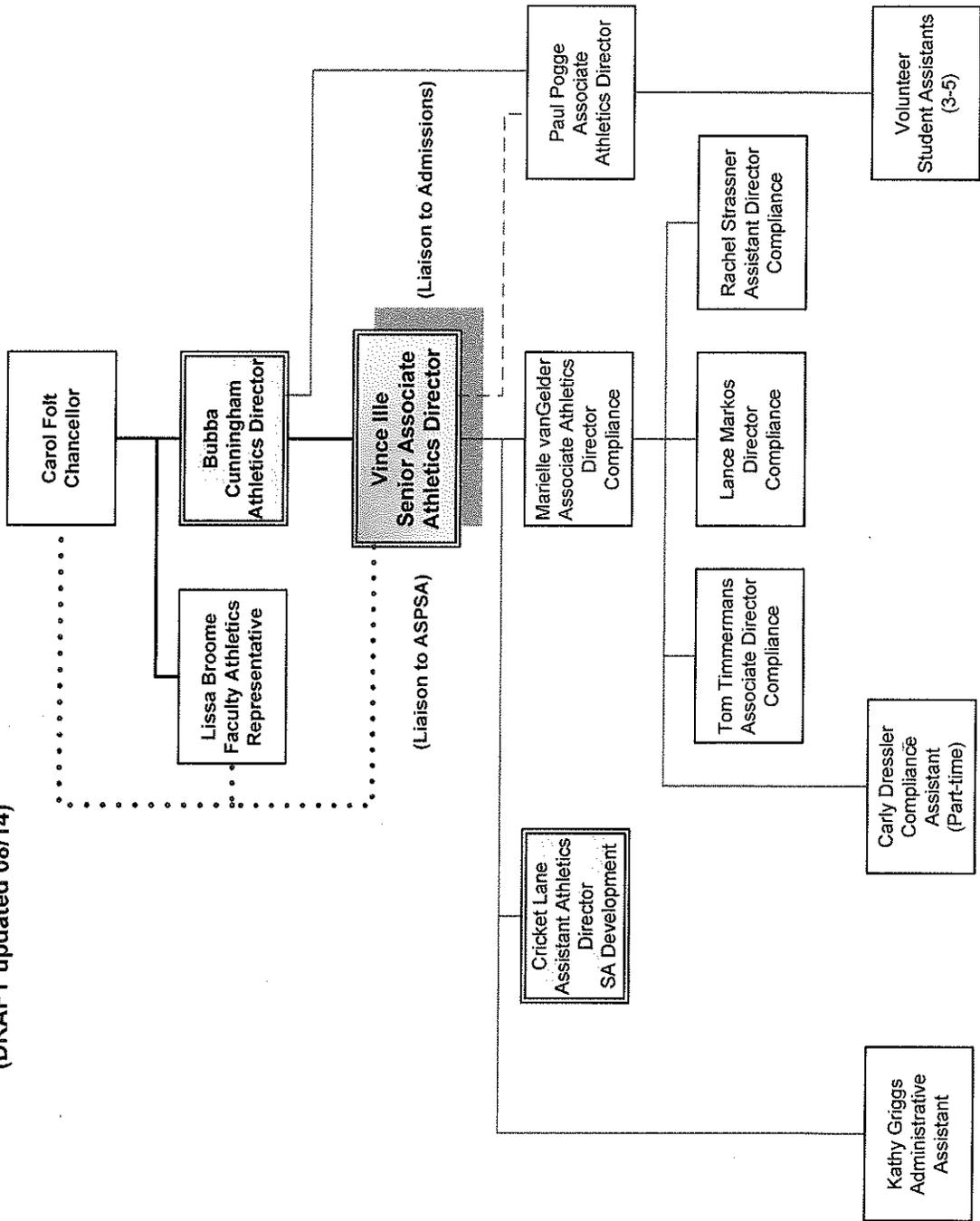
**2004 - 2007 Cohorts: University of North Carolina, Chapel Hill**

<b>Men's Sports</b>			<b>Women's Sports</b>		
<b>Sport</b>	<b>GSR</b>	<b>Fed Rate</b>	<b>Sport</b>	<b>GSR</b>	<b>Fed Rate</b>
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)

**BATCHELOR, TILLERY & ROBERTS, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

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**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)	<u>Total</u>
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
<b>Revenues, gains, and other support:</b>				
<b>Contributions:</b>				
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>
<b>Expenses and losses:</b>				
<b>Program:</b>				
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
<b>Management, general, and fundraising:</b>				
Management and general	1,693,862	656,263	130	2,350,255
Fundraising	1,899,104	-	-	1,899,104
<b>Member services:</b>				
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
<b>Net assets:</b>				
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			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
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			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
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](mailto: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	3,669,080	3,736,427
	<u>256,586,935</u>	<u>256,727,884</u>
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	-	2,021
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

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**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, Tilly & 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><u>200,401,457</u></u>	<u><u>187,447,465</u></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><u>200,401,457</u></u>	<u><u>187,447,465</u></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>	-	-
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	-	-	530,067	530,067
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>10,658,671</u>	<u>10,946,509</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
	\$ 322,440	167,582,255	608,900	168,513,595

The activity for investments measured at fair value based on significant unobservable information is as follows:

	2013	2012
Venture capital fund:		
Beginning balance	\$ 608,900	699,241
Total net unrealized losses	(83,543)	(90,341)
Ending balance	\$ 525,357	608,900

(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](mailto: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.

X KDS  
DSA  
X

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.

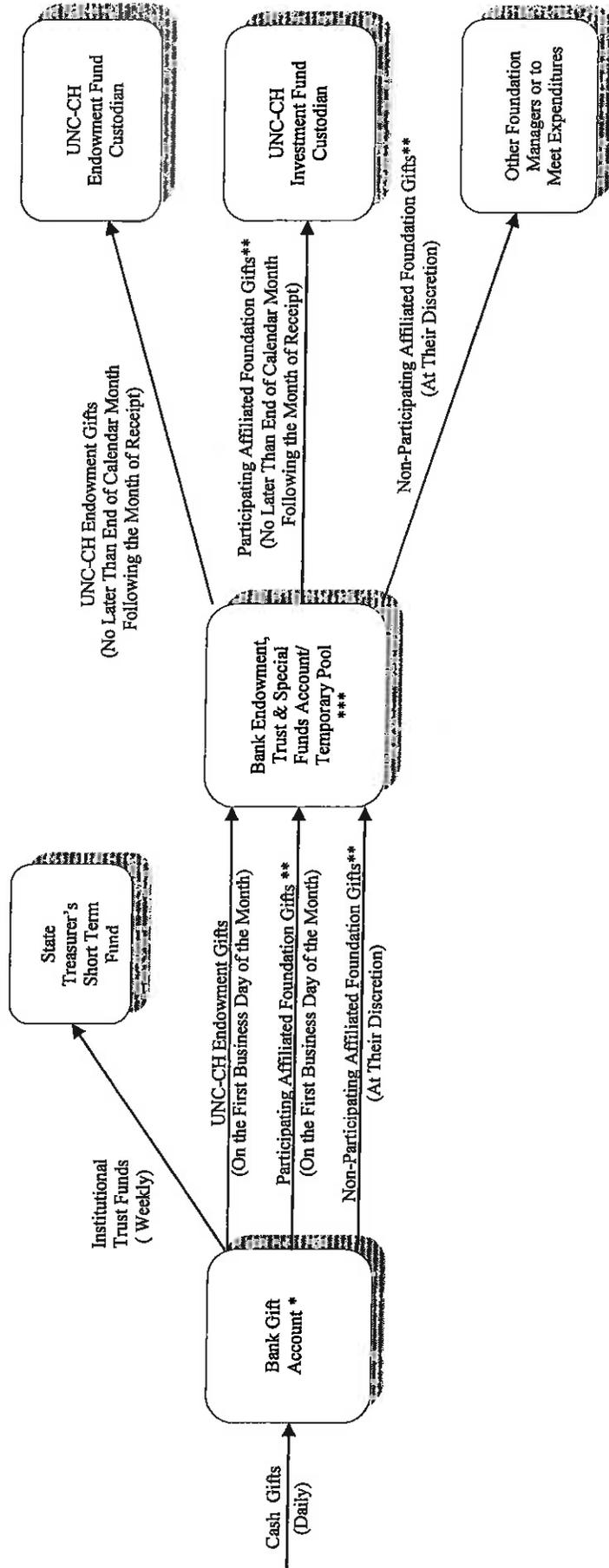
In addition, Accounting Services credits participation of these gifts in the Temporary Pool for one month to provide compensation for the time period between the University receiving the funds and the date the funds are transferred from Bank of America to the current custodian of Investment Fund. On 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.

EXHIBIT D

11/07/12

**Required Elements of University-Associated Entity Relationship  
Certification of Financial Issues for FY 2011-12**

Yes	No	<b>Audit Report (Required Elements C.6, D.2, D.10, State Auditor policy)</b>
		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 <a href="http://www.unc.edu/finance/fd/c/docs/2010_cafr.pdf">http://www.unc.edu/finance/fd/c/docs/2010_cafr.pdf</a> ].
Yes	No	<b>Audit Committee (Required Element C.6)</b>
		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	<b>Internal Controls / Risk Management (Required Elements D.1, E.1, E.2)</b>
		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	<b>Budgets (Required Element D.3)</b>
		We certify that we create an annual operations and capital budget.
Yes	No	<b>Transfers (Required Element D.6)</b>
		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	<b>Compensation/ Personal Loans (Required Element D.4, Best Practice – Personal Loans, Other)</b>
		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	Men's	Women's
Archery	<input type="checkbox"/>		<input type="checkbox"/> Badminton	<input type="checkbox"/>	<input type="checkbox"/>
Baseball	<input checked="" type="checkbox"/>		<input type="checkbox"/> Basketball	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Beach Volleyball	<input type="checkbox"/>		<input type="checkbox"/> Bowling	<input type="checkbox"/>	<input type="checkbox"/>
Cross Country	<input type="checkbox"/>		<input type="checkbox"/> Diving	<input type="checkbox"/>	<input type="checkbox"/>
Equestrian	<input type="checkbox"/>		<input type="checkbox"/> Fencing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Field Hockey			<input checked="" type="checkbox"/> Football	<input checked="" type="checkbox"/>	
Golf	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> Gymnastics	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ice Hockey	<input type="checkbox"/>		<input type="checkbox"/> Lacrosse	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rifle	<input type="checkbox"/>		<input type="checkbox"/> Rodeo	<input type="checkbox"/>	<input type="checkbox"/>
Rowing	<input type="checkbox"/>		<input checked="" type="checkbox"/> Sailing	<input type="checkbox"/>	<input type="checkbox"/>
Skiing	<input type="checkbox"/>		<input type="checkbox"/> Soccer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Softball			<input checked="" type="checkbox"/> Squash	<input type="checkbox"/>	<input type="checkbox"/>
Swimming	<input type="checkbox"/>		<input type="checkbox"/> Swimming and Diving (combined)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Synchronized Swimming			<input type="checkbox"/> Table Tennis	<input type="checkbox"/>	<input type="checkbox"/>
Team Handball	<input type="checkbox"/>		<input type="checkbox"/> Tennis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Track and Field (Indoor)	<input type="checkbox"/>		<input type="checkbox"/> Track and Field (Outdoor)	<input type="checkbox"/>	<input type="checkbox"/>
Track and Field and Cross Country (combined)	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> Volleyball	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Water Polo	<input type="checkbox"/>		<input type="checkbox"/> Weight Lifting	<input type="checkbox"/>	<input type="checkbox"/>
Wrestling	<input checked="" type="checkbox"/>		<input type="checkbox"/> Other Sports ( <b>Specify sports in the caveat box.)*</b>	<input type="checkbox"/>	<input type="checkbox"/>

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	38	
Basketball	16	15
Fencing	30	25
Field Hockey		28
Football	130	
Golf	11	9
Gymnastics		13
Lacrosse	48	37
Rowing		72
Soccer	39	38
Softball		25
Swimming and Diving (combined)	36	32
Swimming	30	28
Diving	6	4
Tennis	15	9
Track and Field and Cross Country (combined)	111	83
Track and Field (Indoor)	46	33
Track and Field (Outdoor)	44	34
Cross Country	21	16
Volleyball		18
Wrestling	29	
Total Participants Men's and Women's Teams	503	404
Unduplicated Count of Participants <small>(This is a head count. If an individual participates on more than one team, count that individual only once on this line.)</small>	435	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.)

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 - Men's Teams

- For each men'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	
Baseball	1		1						1
Basketball	1		1						1
Fencing		1	1						1
Football	1		1						1
Golf	1		1						1
Lacrosse	1		1						1
Soccer	1		1						1
Swimming and Diving (combined)		1	1						1
Tennis	1		1						1
Track and Field and Cross Country (combined)		1	1						1
Wrestling	1		1						1
Coaching Position Totals	8	3	11	0	0	0	0	0	11
CAVEAT									

## 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
<b>Coaching Position Totals</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>13</b>

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.

Varsity Teams	Male Assistant Coaches				Female Assistant Coaches				Total Assistant 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	
	Baseball	2	1	2	1				
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.

Varsity Teams	Male Assistant Coaches				Female Assistant Coaches				Total Assistant 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		2		2	
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
<b>Coaching Position Totals</b>	<b>8</b>	<b>11</b>	<b>15</b>	<b>4</b>	<b>10</b>	<b>10</b>	<b>14</b>	<b>6</b>	<b>39</b>
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			

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## 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	1,102,893	391,610	1,494,503
CAVEAT			

## 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	Participants	Men's Teams		Participants	Women's Teams		Total Operating Expenses
		Operating Expenses per Participant	By Team		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	Women'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

- Your total revenues must cover your total expenses.
- 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.

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.

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# 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
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CEO:	Dr. Carol Folt
CEO's e-mail address:	carol.folt@unc.edu
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* University CFO:	Kevin Seitz (Interim)
* University CFO's e-mail address:	krseitz@unc.edu
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Auditors(NCAA Agreed-Upon Procedures):	Romeo Wiggins & Company, LLP

**Current Classification:**

- NCAA division
- I-A
  - I-AA
  - I-AAA
  - II (with football)
  - II (without football)
  - III (with football)
  - 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.
<b>Expenses</b>			
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. <b>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.</b>
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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Revenues by Source	Men's Teams Only Ticket Sales.	Women's Teams Only Ticket Sales.	Not Allocated by Gender 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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Revenues by Source	Men's Teams Only Student Fees	Women's Teams Only Student Fees	Not Allocated by Gender 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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Revenues by Source	Men's Teams Only Guarantees.	Women's Teams Only Guarantees.	Not Allocated by Gender 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).

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).

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).

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.

Revenues by Source	Men's Teams Only		Women's Teams Only		Not Allocated by Gender	
	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).

Revenues by Source	Men's Teams Only		Women's Teams Only		Not Allocated by Gender	
	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).

Revenues by Source	Men's Teams Only		Women's Teams Only		Not Allocated by Gender	
	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.

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.'

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.

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		Women's Teams Only		Not Allocated by Gender	
	Total Operating Revenue.		Total Operating Revenue.		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. <b>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.</b>
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Sport	Male Athletes					Female Athletes					Not Allocated by Gender				
	Scholarships					Scholarships					Scholarships				
	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		Women's Teams Only		Not Allocated by Gender	
	Guarantees.		Guarantees.		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).

Sport	Men's Teams Head Coaches				Men's Teams Assistant Coaches			
	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	

Sport	Women's Teams Head Coaches				Women's Teams Assistant Coaches			
	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).

Expenses by Object of Expenditure	Men's Teams Only		Women's Teams Only		Not Allocated by Gender	
	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.

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.

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.

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.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Equipment, Uniforms and Supplies.	Equipment, Uniforms and Supplies.	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.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Game Expenses.	Game Expenses.	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.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Fund Raising, Marketing and Promotion.	Fund Raising, Marketing and Promotion.	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.

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.

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.

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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Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	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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Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	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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Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	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.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Other Operating Expenses.	Other Operating Expenses.	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.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Total Operating Expenses.	Total Operating Expenses.	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.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Transfers to Institution	Transfers to Institution	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.  <b>Male practice players are NOT to be included as participants in this table.</b></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

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

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

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.
		<b>Operating Expenses</b>	
<b>Sport</b>		<b>Men's Teams</b>	<b>Women's Teams</b>
Baseball		767452	20196
		<b>Per Capita Expenses</b>	
		<b>Men's Teams</b>	<b>Women's Teams</b>

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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Revenues Attributable to Specific Teams	Men's Teams Only	Women's Teams Only	Not Allocated by Gender	Total
	Table 7 -- Revenues.	Table 7 -- Revenues.	Table 7 -- Revenues.	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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Expenses Attributable to Specific Teams	Men's Teams Only	Women's Teams Only	Not Allocated by Gender	Total
	Table 8 -- Expenses.	Table 8 -- Expenses.	Table 8 -- Expenses.	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. <b>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.</b>
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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).
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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				Women's		Other Sports	Non-Program Specific
			Football	Basketball	Basketball	Basketball	Basketball			
	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
	<b>Excess (Deficiencies) of Revenues Over (Under) Expenses</b>	<b>13674939</b>	<b>12525171</b>	<b>(-2597469)</b>	<b>(-7727380)</b>	<b>(-15818058)</b>	<b>57203</b>



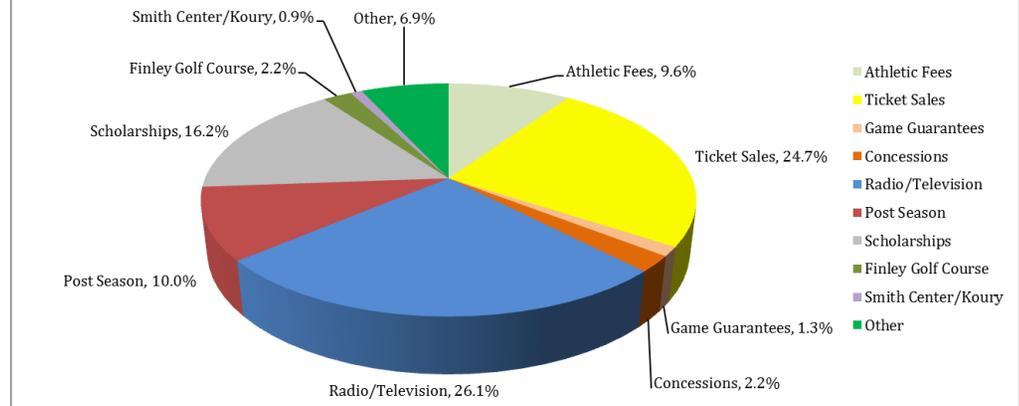
# University of North Carolina Athletics FY14-15 Operating Budget

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
<b>TOTAL REVENUES</b>	<b>\$75,400,156</b>

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
<b>TOTAL EXPENSES</b>	<b>\$75,360,156</b>

**NET OPERATING SURPLUS \$40,000**

## Revenue Breakdown 14-15



## Expense Breakdown 14-15

