



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

ATTACHMENT A

HOLDEN THORP
Chancellor

103 SOUTH BUILDING
CAMPUS BOX 9100
CHAPEL HILL, NC 27599-9100

T 919.962.1365
F 919.962.1647
www.unc.edu

To: Members of the Board of Trustees

From: H. Holden Thorp

Re: Mail Ballot dated November 20, 2012

I write to request your approval by mail ballot of the following three matters related to the Endowment Fund:

1. Attachment A is the annual report of the Endowment Fund for fiscal year ending June 30, 2012. The Board of Trustees of the Endowment Fund approved this report by mail ballot on November 13, 2012. I recommend acceptance of the report and transmittal to the Board of Governors in accordance with Board of Governors' policy.
2. In 2004, the Cystic Fibrosis Research Center (the "Center") established a quasi-endowment fund using proceeds from invention royalties the Center received pursuant to the University's Patent Policy. The current market value of the fund as of September 30, 2012 is \$771,096.43. The Center wishes to withdraw \$80,000 from principal for use in connection with expenses related to research. The Board of Trustees of the Endowment Fund approved this withdrawal by mail ballot on November 13, 2012. Regulations adopted by the Board of Governors require that the Trustees approve any transfer of Endowment principal or income to the useful possession of the institution. I recommend approval of the withdrawal.
3. In 2005, the Department of Environmental Sciences and Engineering (ESE) created a quasi-endowment fund using expendable gifts and over time reinvested the distribution to build up the fund. The current market value of the fund as of September 30, 2012 is \$2,237,186.68. ESE has hired a number of new faculty members in response to and in anticipation of the retirement of senior faculty members. ESE wishes to withdraw \$300,000 from principal for use in connection with support costs for new faculty. Examples of those costs are faculty, graduate student and staff support and equipment and supplies for laboratory or field research. The Board of Trustees of the Endowment Fund approved this withdrawal by mail ballot on November 13, 2012. Regulations adopted by the Board of Governors require that the Trustees approve any transfer of Endowment principal or income to the useful possession of the institution. I recommend approval of the withdrawal.

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

Enclosure

cc: Karol Kain Gray

Julia Sprunt Grumbles



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

BOARD OF TRUSTEES

<i>To: Heather Greene</i>	<i>From: Members of the Board of Trustees</i>
<i>Fax: (919) 962-8464</i>	<i>Pages: 1 (including cover sheet)</i>
<i>Date: November 20, 2012</i>	<i>Re: Mail Ballot, dated November 20, 2012</i>

Trustees:

Attached for your review and approval is a mail ballot concerning three Endowment Fund matters. This mail ballot will be approved as part of the Consent Agenda at the Full Board meeting on Thursday, January 24, 2013.

The undersigned votes as follows with respect to the recommendations proposed in Chancellor Thorp's memorandum dated November 20, 2012.

	<u>Approve</u>	<u>Disapprove</u>
Item 1: Endowment Fund 2012 Annual Report	_____	_____
Item 2: Withdrawal from Quasi-Endowment for the benefit of the Cystic Fibrosis Research Center	_____	_____
Item 3: Withdrawal from Quasi-Endowment for the benefit of the Department of Environmental Sciences and Engineering	_____	_____

Signed

Date

Please fax to Heather Galvan at (919) 962-8464.

Re 11/20/2012 mail ballot: (Endowment Fund)

A quorum was received on 11/28/2012:

Sallie Shuping-Russell

Barbara R. Hyde

Peter T. Grauer

H. Kel Landis III

Phillip L. Clay

J. Alston Gardner

W. Lowry Caudill

Additional approvals received:

John L. Townsend III

Wade H. Hargrove

Donald Williams Curtis

Ballots not Received:

Will Leimenstoll

Steven J. Lerner

Felicia A. Washington

Endowment Fund
The University of North Carolina at Chapel Hill

Annual Report
Year Ended June 30, 2012

We are pleased to report that for fiscal year 2012, The University of North Carolina at Chapel Hill Endowment Fund (Endowment Fund) recorded an increase in its market value. During the fiscal year ended June 30, 2012, the market value of the Endowment Fund increased by \$2.2 million to end the year at \$1.02 billion. This increase in market value resulted from the combination of positive investment performance and the continuing generosity of donors to the Endowment Fund. The components of the \$2.2 million increase in fiscal 2012 are 1) net investment return of \$21.9 million, plus 2) net gifts and bequests totaling \$36.0 million, less 3) \$55.7 million distributed for program spending.

Over 99% of the Endowment Fund's assets are invested in The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund), which in turn invests all of its assets in the UNC Investment Fund, LLC (UNC Investment Fund). The Endowment Fund also owns several commercial properties in Chapel Hill, North Carolina, that collectively represent less than 1% of the Endowment Fund's total value. For the fiscal year ended June 30, 2012, the UNC Investment Fund generated an investment return of 2.1%. This return compares to the Strategic Investment Policy Portfolio ("SIPP") benchmark return of 4.7% and the more traditional 70/30 index (70% S&P 500 / 30% Barclays Aggregate Bond Index) which returned 6.4%. The UNC Investment Fund's 7.9% annualized three-year return underperformed the 11.7% return on the SIPP benchmark and the 13.8% return on the 70/30 index. For the five- and ten-year periods ended June 30, 2012, the UNC Investment Fund earned investment returns of 1.8% and 8.3% respectively. While the UNC Investment Fund's five-year return underperformed the Fund's long-term return target of CPI plus 5.5%, which measured 7.4%, the UNC Investment Fund's 7.9% ten-year return outperformed this long-term target return. This CPI plus 5.5% long-term return target reflects the goal of preserving the purchasing power of UNC Investment Fund after inflation and spending. A detailed description of the asset allocation of the Endowment Fund is provided on the following page along with aggregated asset class and benchmark returns.

The \$52.9 million distributed from the Endowment Fund for spending in fiscal year 2012 represented 5.2% of the Endowment Fund's beginning market value. This amount was computed in accordance with the distribution policy of the Chapel Hill Investment Fund. These funds were distributed to the University for spending on programs supported by the corresponding endowed accounts. The Board of the Chapel Hill Investment Fund authorized a 1% increase in the annual distribution rate for fiscal year 2013. This increase is consistent with the spending policy target threshold of increasing the rate by CPI each year.

Mr. Wade Hargrove served as the Chairman of the Endowment Fund Board of Directors during the year. Other members of the Board were John Ellison, Peter Grauer, Max Chapman, William (Bill) Harrison, Sallie Shuping-Russell, Nelson Schwab, Chancellor Holden Thorp and John Townsend.

The Board of Trustees of The University of North Carolina at Chapel Hill has approved all transfers from the Endowment Fund for expenditures as recommended by the Chancellor. All expenditures have been made in accordance with the terms of the applicable gift, devise or bequest.

Respectfully submitted,

The Board of Trustees of the Endowment Fund
of The University of North Carolina at Chapel Hill

ENDOWMENT FUND
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

Asset Allocation as of June 30, 2012

Domestic Equity	\$150,643,558	14.8%
International Equity	150,034,077	14.8%
Global Equity	132,054,367	13.0%
Diversifying Strategies	136,117,578	13.4%
Private Equity	180,812,902	17.8%
Real Estate	73,442,544	7.2%
Energy & Natural Resources	72,731,482	7.2%
Domestic Fixed Income	26,410,873	2.6%
Enhanced Fixed Income	62,979,775	6.2%
Cash & Other	30,474,085	3.0%
Total	<hr/> \$1,015,802,821 <hr/>	<hr/> 100.0% <hr/>

Asset Class and Benchmark Returns for Fiscal Year Ended June 30, 2012

Public Equity Strategies	-1.2%
<i>Blended Equity Benchmark*</i>	<i>-2.5%</i>
Non-Equity Strategies	2.6%
<i>Blended Non-Equity Benchmark*</i>	<i>11.7%</i>
Private Partnerships	7.2%
<i>Blended Composite Benchmark*</i>	<i>9.0%</i>
Cash & Other	0.3%
<i>90-Day T-Bill</i>	<i>0.1%</i>
 <i>Total UNC Investment Fund</i>	 2.1%
<i>Strategic Investment Policy Portfolio</i>	4.7%

*Blended benchmarks reflect weighted SIPP benchmarks for the underlying asset classes.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

ATTACHMENT B

HOLDEN THORP
Chancellor

103 SOUTH BUILDING
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T 919.962.1365
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December 10, 2012

Members of the Board of Trustees
The University of North Carolina at Chapel Hill

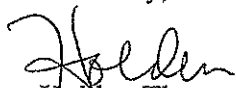
Dear Members of the Board:

You have authorized me to poll you by mail concerning personnel matters which require attention by the Board. Accordingly, I am transmitting to you herewith personnel matters in the following categories:

For Action – Personnel Actions	Appendix A
For Action – Actions Conferring Tenure	Appendix A
For Action – Compensation Actions	Appendix B
For Information	Appendix C

Please mark and return the enclosed ballot indicating whether or not you agree with the actions proposed in Appendices A and B. Appendix C requires no action on your part. Thank you.

Sincerely,


Holden Thorp

Attachments

Re 12/10/2012 mail ballot: (Personnel)

A quorum was received on 12/12/2012:

H. Kel Landis III
Barbara R. Hyde
W. Lowry Caudill
Wade H. Hargrove
Peter T. Grauer
John L. Townsend III
Donald Williams Curtis

Additional approvals received:

J. Alston Gardner
Ballots not Received:
Phillip L. Clay
Will Leimenstoll
Steven J. Lerner
Sallie Shuping-Russell
Felicia A. Washington



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

BOARD OF TRUSTEES

To: Heather Greene	From: Members of the Board of Trustees
Fax: (919) 962-8464	Pages: 1 (including cover sheet)
Date: December 10, 2012	Re: Mail Ballot, dated December 10, 2012

Trustees:

Attached for your review and approval is a regular personnel mail ballot. This mail ballot will be approved as part of the Consent Agenda at the Full Board meeting on Thursday, January 24, 2013.

The undersigned votes as follows with respect to the recommendations proposed in Chancellor Thorp's letter dated, December 10, 2012.

	<u>Approve</u>	<u>Disapprove</u>
Appendix A, Personnel Actions	_____	_____
Appendix A, Actions Conferring Tenure	_____	_____
Appendix B, Compensation Actions	_____	_____
Appendix C, For Information	NO ITEMS	

Signed

Date

Please fax to Heather Greene at (919) 962-8464.

EXECUTIVE SUMMARY

Board of Trustees

December 20, 2012

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Effective Date	Salary
Personnel Actions							
New Appointments without Tenure							
1	Health Affairs	Hanna Sanoff	Medicine	N/A	Assistant Professor	1/1/2013	\$200,000
2	Health Affairs	Qing Zhang	Pathology & Laboratory Medicine	N/A	Assistant Professor	2/1/2013	\$100,000
3	Health Affairs	Mehmet Kesimer	Pathology & Laboratory Medicine	N/A	Associate Professor	1/1/2013	\$130,000
Addition of Joint Appointment Tenure Track							
1	Health Affairs	Maureen Su	Pediatrics (primary) Microbiology & Immunology (joint)	Assistant Professor (primary) Assistant Professor (joint)	Assistant Professor (primary) Assistant Professor (joint)	12/21/2012	\$126,000
Promotion to Full Professor							
1	Health Affairs	AnnaMarie	Obstetrics & Gynecology	Associate Professor	Professor	12/21/2012	\$257,500
2	Health Affairs	Josephine Johns	Psychiatry	Associate Professor	Professor	12/21/2012	\$106,090
3	Health Affairs	Joan Taylor	Pathology & Laboratory Medicine	Associate Professor	Professor	1/1/2013	\$104,534
Reappointments to the same Rank							
1	Health Affairs	Sal Chavala	Ophthalmology (primary) Cell & Developmental Biology (joint)	Assistant Professor (primary) Assistant Professor (joint)	Assistant Professor (primary) Assistant Professor (joint)	9/1/2013	\$229,800
2	Academic Affairs	Paige Ouimet	Kenan-Flagler Business School	Assistant Professor	Assistant Professor	1/1/2014	\$190,000
3	Health Affairs	Lisa Rahangdale	Obstetrics & Gynecology	Assistant Professor	Assistant Professor	7/1/2013	\$176,930
4	Health Affairs	Zhuang Wang	Radiation Oncology	Assistant Professor	Assistant Professor	6/30/2013	\$230,000
Designation/Reappointments to Departmental Chair							
1	Academic Affairs	Peter Mucha	Applied Physical Sciences Mathematics	N/A Distinguished Term Professor and Department Chair	Department Chair (designation) Distinguished Term Professor	1/1/2013	\$120,863
2	Health Affairs	Leslie Parise	Biochemistry & Biophysics Pharmacology	Professor and Department Chair Professor	Professor and Department Chair (reappointment) Professor	12/21/2012	\$227,202
Designation/Reappointments to Distinguished Professorship							
1	Academic Affairs	Magali Delmas	Kenan-Flagler Business School	N/A*	Sustainability Chair in Strategy and Entrepreneurship	7/1/2013	\$220,000
2	Academic Affairs	Alyson Grine	School of Government	Lecturer	Albert & Gladys Hall Coates Term Distinguished Lectureship for Teaching Excellence	1/1/2013-12/31/2014	\$81,000
3	Academic Affairs	Anne Johnston	Journalism & Mass Communications	Professor	Shumaker Term Professorship	1/1/2013-6/30/2015	\$112,139

EXECUTIVE SUMMARY

Board of Trustees

December 20, 2012

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Effective Date	Salary
4	Health Affairs	Wendy Rathmell	Medicine	Professor	Alexander Professor of Translational Research	1/1/2013	\$170,800
5	Academic Affairs	Lucila Vargas	Journalism & Mass Communications	Professor	Scheer Term Professorship	1/1/2013-6/30/2015	\$87,196

Actions Conferring Tenure

New Appointments Conferring Tenure

1	Health Affairs	Benjamin Chi	Obstetrics & Gynecology	Visiting Research Associate Professor	Associate Professor	12/21/2012	\$195,000
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* Total 19

Corrections							
1	Health Affairs	Kurt Gilliland	Cell & Development Biology	Assistant Professor	Assistant Professor	10/25/2012 (correction to October BOT agenda date of 10/1/2013)	\$74,445
2	Health Affairs	Edward Kernick	Cell & Developmental Biology	Assistant Professor	Assistant Professor	10/25/2012 (correction to October BOT agenda date of 4/30/2016)	\$71,783
3	Academic Affairs	Elizabeth Shank	Biology	N/A	Assistant Professor (correction to November BOT agenda rank of Associate Professor)	1/1/2013	\$75,000
4	Health Affairs	Yufeng Liu	Biostatistics	N/A	Associate Professor, new joint appointment conferring tenure (correction to October BOT agenda new rank of Professor)	11/1/2012	\$116,825

* Delmas appointment to Professor effective 7/1/2013.

EXECUTIVE SUMMARY

Board of Trustees

December 20, 2012

No.	College/Division	Name	Department/School	Rank	Reason	Requested Increase Amount	Percent of Increase	Current Salary	New Salary	Effective Date
Compensation Actions						* Available funding for each action has been confirmed by the appropriate Department and School/Division management officials to support the proposed salary increase. Upon implementation, specific funding sources are reviewed and approved at the Department level, as well as by the applicable University Central financial offices, including the University Budget Office and the Office of Sponsored Research for grant-funded salaries.				
1	Health Affairs	Jennifer Alderman	Nursing	Clinical Instructor	State Funds Other	\$6,419	13.57%	\$48,705	\$53,705	12/21/2012
2	Health Affairs	Carrie Palmer	Nursing	Clinical Assistant Professor	State Funds Other	\$9,950	18.33%	\$60,815	\$64,245	12/21/2012
3	Academic Affairs	Jack Richman	SOSW	Professor, Dean	Retention	\$26,153	12.90%	\$208,815	\$228,886	12/21/2012
4	Academic Affairs	John Rubin	SOG	Distinguished Professor	Distinguished Professorship	\$16,771	10.55%	\$163,770	\$175,771	12/21/2012
5	Health Affairs	Anne Steiner	SOM	Associate Professor	Retention	\$24,656	12.95%	\$202,714	\$215,000	12/21/2012
6	Academic Affairs	Richard Whisnant	SOG	Distinguished Professor	Distinguished Professorship	\$16,233	11.50%	\$145,343	\$157,343	12/21/2012

No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date
Non-Salary Compensation Actions									
1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY (EPA Non-Faculty)
Board of Trustees
Meeting Date - 12/20/2012 (Mail Ballot)

Compensation Actions

No.	College/Division	Name	Department/School	Rank/Title	Reason	Requested Increase \$\$	Requested Increase %	June 30 Salary	Current Salary	Proposed Salary	Effective Date
1	Office of the Chancellor	Wayne Blair	Ombuds Office	Ombudsperson	Additional Duties	18,808	14.99	125468.00	126,974	144,276	12/20/2012
2	Office of the Chancellor	Ann Penn	Equal Opportunity/ADA Office	Director	Additional Duties	20,970	14.07	149030.00	152,309	170,000	12/20/2012
3	Office of the Chancellor	Phyllis Petree	Internal Audit	Director	Labor Market Adjustment	20,004	17.40	114996.00	117,526	135,000	1/11/2013
4	Office of the Chancellor	Leslie Strohm	University Counsel	Vice Chancellor and General Counsel	Labor Market Adjustment	33,800	11.61	291200.00	299,936	325,000	12/20/2012
5	School of Journalism	Jennifer Gallina	School of Journalism	Director of Research Administration	Additional Duties	11,949	14.99	79715.00	87,678	91,664	12/20/2012

No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date
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Non-Salary Compensation Actions

1	None								
2									

Information Items

1	None								

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Jennifer S. Gallina	
EMPLOYEE TYPE:		EPA Non-Faculty	
CURRENT RANK/TITLE/SPACCLASS TITLE:		Director of Research Administration	
NEW RANK/TITLE: (If applicable)		NA	
SCHOOL/DIVISION & DEPT:		School of Journalism & Mass Communication	
REASON FOR INCREASE:		Additional Duties	
PROPOSED EFFECTIVE DATE:		11/1/2012	
JUNE 30th BASE SALARY:		\$79,715	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		Enter \$\$\$	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:		\$79,715	
Source(s):	State:	\$79,715	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
	Non-State:	Enter \$\$\$	
Source of Non-State Funds:			
CURRENT BASE SALARY:		\$87,678	PERCENTAGE OF INCREASE TO BASE: 9.99%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO BASE: \$7,963
CURRENT TOTAL SALARY:		\$87,678	AMOUNT OF INCREASE TO STIPEND: #VALUE!
Source(s):	State:	\$87,678	TOTAL PERCENT OF SALARY INCREASE: 9.99%
	Non-State:	\$0	
Source of Non-State Funds:			
RECOMMENDED BASE SALARY:		\$91,664	PERCENTAGE OF INCREASE TO BASE: 4.55%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO BASE: \$3,986
RECOMMENDED TOTAL SALARY:		\$91,664	AMOUNT OF INCREASE TO STIPEND: \$0
Source(s):	State:	\$91,664	TOTAL PERCENT OF SALARY INCREASE: 4.55%
	Non-State:	\$0	
Source of Non-State Funds:			
TOTALS:	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:		14.99%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:		\$11,949
	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:		\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:		14.99%
		TOTAL INCREASE AMOUNT FOR FISCAL YEAR:	\$11,949
<input checked="" type="checkbox"/> Yes BOT APPROVAL REQUIRED <input type="checkbox"/> No BOG APPROVAL REQUIRED			
THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base REASON CODE (SELECT ONE): 9 - State Funds Other (must explain in comments)			
Jennifer Gallina is an integral member of the JOMC team. Jennifer was hired by the previous dean as director of research to focus internally and to work with faculty to identify and attract grants. She then moved into managing foundation relations as the School applied for and won more grants from philanthropic organizations. When a major issue arose from an audit of our 20-year old endowment with the John S. and James L. Knight Foundation, Jennifer helped untangle a severe problem that called on the University to return \$1.3 million dollars. Without Jennifer's careful attention to the budgeting, the accounting, and the big picture of the relationship, we would not have been able to re-negotiate the audit results and to find a solution that the University and the Knight Foundation could live with. The School greatly benefited both financially and academically under Jennifer's leadership and careful attention to the issues involved. Jennifer is leading a new initiative to support scholarship within the school and re-funding a moribund Research Center in FY12-13. Jennifer is the lead the staff person who works with the faculty to establish the parameters and details of the Research Center's RFP. Additionally, Jennifer is one of three members to the School's strategic planning leadership team: The Task Force for the Future. On top of this, Jennifer has also been asked to do even more outreach to foundations and donors in order to strengthen the pipeline of research and professional support for the school's mission.			

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Jennifer Gallina
Proposed Effective Date of Increase: _____

APPROVALS:

Department / Center Head Approval:

(Type Name)	(Type Title)	Date
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Dean/Vice Chancellor Approval: <u>Susan King</u>	Dean	12/7/2012
(Type Name)	(Type Title)	Date

VC OHR/Provost Approval (when required): <u>Brenda Malone</u>	Vice Chancellor for Human Resources	Date
(Type Name)	(Type Title)	Date

DEPARTMENT CERTIFICATION:

Prepared by: <u>Vanessa Ragland</u>	Director, EPA Non-Faculty HR	12/7/2012
(Type Name)	(Type Title)	Date

To be completed by originating unit:

☒

By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

For Faculty Increases: Email this form to the Academic Personnel Office at apo@unc.edu

EPA Non-Faculty:

For increases of **10% or greater**: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

For increases **less than 10%**: Please attach this form to the Salary/FTE action in EPAWeb

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

EXECUTIVE SUMMARY

Board of Trustees

December 20, 2012

No.	College/Division	Name	Department/School	Rank	Description
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For Information					
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1	N/A	N/A	N/A	N/A	N/A

DESIGNER SELECTION – ODUM VILLAGE REPLACEMENT

This project will replace the existing Odum Village housing units with a new 500 bed suite or efficiency style apartment units. Various on-campus sites will be considered as part of the advance planning effort.

The project budget is \$25M and will be funded by Student Life and Residential Education. This project was advertised on November 5, 2012. Twenty (20) proposals were received. Six (6) firms were interviewed on December 5, 2012. Members of the Board of Trustees did not participate in the interviews.

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

- | | |
|--|-------------|
| 1. Clark Nexsen | Raleigh, NC |
| 2. O'Brien Atkins / Mitchell Matthews | Durham, NC |
| 3. Pierce Brinkley Cease + Lee / Ayers Saint Gross | Durham, NC |

Clark Nexsen was recommended because of the strength of its team and its recent and relevant experience.

RECOMMENDED ACTION

A motion to approve the three firms in the above priority order.

DESIGNER SELECTION – GENERAL STOREROOM REROOFING

This project will replace the existing roof of the 97,000 SF General Storeroom Building which is located within the Giles F Horney Complex.

The project budget is \$879,000 and will be funded by the 2011-2012 Repair and Renovations Appropriations.

This project was advertised on November 12, 2012. Eleven (11) proposals were received. Four (4) firms were interviewed on January 15, 2013. Members of the Board of Trustees did not participate in the interviews.

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

- | | |
|-----------------------|-------------|
| 1. REI Engineers | Raleigh, NC |
| 2. Falcon Engineering | Raleigh, NC |
| 3. Atlas Engineering | Raleigh, NC |

REI Engineers was recommended because of the strength of its team and its recent and relevant experience.

RECOMMENDED ACTION

A motion to approve the three firms in the above priority order.

**STATUS OF CAPITAL IMPROVEMENT PROJECTS
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
FACILITIES SERVICES**

PROJECTS COMPLETED SINCE LAST REPORT (JULY, 2012)

1.	Science Complex Phase II – Physical Sciences	\$92,500,000
2.	Avery, Parker, and Teague Residence Halls Sprinkler System	\$1,630,585
3.	Wilson Library Egress	\$1,825,032
4.	Frank Porter Graham Student Union - Renovation	\$7,500,000
5.	Friday Center Chiller Replacement	\$2,700,000
6.	Manning Hall Code and Occupant Improvements	\$150,000
7.	Bioinformatics – Upgrade Building Control System	\$768,000
Total		\$107,073,617

PROJECTS UNDER CONSTRUCTION:

1. **Cogeneration Steam Tunnel Rehabilitation Project (Package 3) – \$30,000,000**
(Funding – University Non-Appropriated/Receipts)
Construction began March 2009 and is 99% complete. Project completion is expected in January 2013.
2. **Bell Tower Development - \$239,510,206**
(Funding–Appropriated, University Non-Appropriated Receipts, and Overhead Receipts)
Construction began October 2007 and is 100% complete.
3. **Imaging Research Building – \$245,000,000**
(Funding – Appropriations)
Construction began June 2009 and is 61% complete. Project completion is expected in January 2014.
4. **Landfill Gas Recovery Project A, B & C – \$4,000,000**
(Funding – University Non-Appropriated/Receipts)
Construction began November 2010 and is 90% complete. Project completion is expected in January 2013.
5. **Finley Golf Course Club House Addition - \$3,500,000**
(Funding – Gifts)
Construction began September 2011 and is 99% complete. Project completion is expected in January 2013.
6. **Electrical Infrastructure Additions (Phase I) - \$8,025,000**
(Funding – University Non-Appropriated/Receipts)
Construction began August 2011 and is 92% complete. Project completion is expected in March 2013.
7. **Electric Infrastructure Additions Phase 2 - \$15,000,000**
(Funding – University Non-Appropriated/Receipts)
Construction began May 2012 and is 83% complete. Project completion is expected in March 2013.
8. **Kenan Laboratories Renovations - \$1,900,000**
(Funding- University Non-Appropriated)
Construction began March 2012 and is 60% complete. Project completion is expected in January 2013.
9. **Thurston Bowles Third Floor Renovation - \$1,200,000**
(Funding – University Non-Appropriated)
Construction began June 2012 and is 98% complete. Project completion is expected in January 2013.
10. **Bingham Facilities Upgrades – FOBRL \$300,000**
(Funding – University Non-Appropriated)
Construction began January 2012 and is 92% complete. Project completion is expected in April 2013.

11. South Columbia Road Improvements - \$1,400,000**(Funding – University Non-Appropriated)**

Construction will begin January 2013. Project completion is expected in April 2013.

12. UNC Childcare Facility - \$750,000**(Funding – UNC-Hospitals)**

Construction began September 2012 and is 40% complete. Project completion is expected in February 2013.

PROJECTS IN DESIGN:**1. Morehead Planetarium Addition and Renovation - \$58,000,000****(Funding – State Appropriation/Gifts)**

Project is on hold pending construction funding.

2. Bingham Facility – \$500,000**(Funding – University Non Appropriated)**

Awaiting final permit approval from the NC Department of Environment and Natural Resources.

3. Electric Infrastructure Additions – Phase III \$15,000,000**(Funding – University Non-Appropriated/Receipts)**

Construction documents are in review.

4. Alternative/Renewable Energy Study - \$5,300,000**(Funding – University Non-Appropriated/Receipts)**

Phase I is complete.

5. School of Law at Carolina North - \$5,500,000**(Funding – State Appropriation)**

Project is waiting design funding.

6. Carolina North Infrastructure – Phase I - \$25,000,000**(Funding – University Non-Appropriated)**

Currently in Design development phase.

7. Old Sanitary Landfill Remediation at Carolina North - \$500,000**(Funding – State Appropriation)**

Survey work will be completed by March 2013.

8. Railroad Sidings - \$3,000,000**(Funding – University Non-Appropriated)**

The programming and site feasibility report is complete.

9. Rizzo Center Phase III - \$36,000,000**(Funding – University Non-Appropriated)**

Special Use Permit application approved.

10. Renovations to Mary Ellen Jones Building - \$32,000,000**(Funding – University Non-Appropriated)**

Schematic design is complete and project is on hold waiting funding.

11. Medical Education Building - \$1,000,000**(Funding – University Non-Appropriated)**

Designer has prepared options and cost estimates for School of Medicine. Project is waiting design funding.

12. Carrington Hall Renovation - \$250,000**(Funding – Repair and Renovations)**

Programming study is complete and project is waiting design funding.

13. Knapp – Sanders Hall Second and Third Floor HVAC Replacement Study - \$600,000**(Funding – Repair and Renovations)**

Construction documents are complete and project is waiting construction funding.

14. **Davis Library – 1st and 2nd Floor renovations - \$450,000**
(Funding – Repair and Renovations)
Programming is complete and project is waiting construction funding.
15. **Davis Library Elevator Renovation - \$1,100,000**
(Funding – Repair and Renovations)
Construction documents are complete. Construction starts in Spring 2013.
16. **Craige Deck Expansion - \$32,000,000**
(Funding – University Non-Appropriated)
Redesign is underway to meet project budget. Estimated bid date is May 2013.
17. **Brauer Hall Renovations - \$4,800,000**
(Funding – University Non-Appropriated)
Completed through construction documents. Awaiting project re-evaluation.
18. **Davis Library Renovations to House Odum Institute - \$900,000**
(Funding – University Non-Appropriated)
Start construction January 2013.
19. **Manning Substation Addition - \$3,000,000**
(Funding – University Non-Appropriated)
Bid in January 2013.
20. **Carolina North Collaborative Science Building - \$95,700,000**
(Funding – University Non-Appropriated)
Design development phase underway.
21. **Lighting Upgrades for Parking Decks - \$1,500,000**
(Funding – University Non-Appropriated)
Feasibility study is complete. Awaiting funding for advance planning. Currently in Schematic design phase.
22. **Main Campus Electric Infrastructure Additions - \$1,600,000**
(Funding – University Non-Appropriated)
Design development phase underway.
23. **Performance Contracting - \$20,000,000**
(Funding – University Non-Appropriated)
Investment Grade Audit Report due April 2013
24. **Wilson Library Egress – Phase II \$12,000,000**
(Funding – University Non-Appropriated)
Construction documents are complete. Awaiting funding.
25. **ITS Manning UPS Upgrade - \$3,000,000**
Feasibility study to be completed by February 2013.
26. **Kenan Stadium Structural Repairs - \$2,000,000**
(Funding – University Non-Appropriated)
Project currently in Advance Planning Phase. Phase 1 tentively scheduled for construction summer of 2013.
27. **Main Campus Ductbank Improvements - \$1,800,000**
(Funding – University Non-Appropriated)
Designer selected. Awaiting fee proposal.

28. **Upper Quad HVAC & Window Replacement - \$6,500,000**
(Funding – University Non-Appropriated)
Construction documents complete. Awaiting funding.
29. **Student Recreation Center and Fetzer Gymnasium Roof Replacement - \$2.100,000**
(Funding – University Non-Appropriated)
Project is being redesigned based on new code requirements for 2012.
30. **Odum Village Replacement - \$25,000,000**
(Funding – University Non-Appropriated)
Designer selection scheduled for January 2013 Board of Trustees meeting.
31. **General Storeroom Roof Replacement - \$879,000**
(Funding – University Non-Appropriated)
Designer selection scheduled for January 2013 Board of Trustees meeting.
32. **Stormwater Master Plan Ph II - \$800,000**
(Funding – University Non-Appropriated)
Feasibility study to be completed August 2013.
33. **Cogen Steam Tunnel Rehabilitation - \$4,000,000**
(Funding-University Non-Appropriated)
Currently in schematic design phase.
34. **Division of Laboratory Animal Medicine Vivarium Equipment Improvements - \$4,847,000**
(Funding-University Non-Appropriated)
Designer selection scheduled for March 2013 Board of Trustees meeting.

SUMMARY OF MAJOR CAPITAL IMPROVEMENT ACTIVITY:

	<u>No. of Projects</u>	<u>Dollar Value</u>
Completed since 7/2012	7	\$ 107,073,617
Under Construction	12	\$ 505,585,206
In Design	34	\$ 389,726,000

HISTORICAL RECORD OF ACTIVITY:

<u>UNDER CONSTRUCTION</u>			<u>IN DESIGN</u>	
<u>Date</u>	<u>No. of Projects</u>	<u>Dollar Value</u>	<u>No. of Projects</u>	<u>Dollar Value</u>
Dec. 1983	10	\$ 62,326,000	8	\$ 18,645,000
Jun. 1984	10	\$ 66,858,320	11	\$ 14,956,950
Oct. 1984	13	\$ 77,924,820	16	\$ 28,455,450
Jun. 1985	15	\$ 75,753,450	18	\$ 57,302,500
Feb. 1986	13	\$ 67,684,000	30	\$190,990,620
Aug. 1986	11	\$ 61,093,000	25	\$191,213,620
Feb. 1987	14	\$ 39,924,000	27	\$183,061,220
Aug. 1987	13	\$ 26,817,520	25	\$210,316,100
Feb. 1988	12	\$ 42,354,520	26	\$222,477,900
Aug. 1988	14	\$ 61,721,870	34	\$254,328,430
Feb. 1989	15	\$157,882,770	40	\$168,321,630
Aug. 1989	20	\$158,003,370	29	\$170,550,730
Feb. 1990	18	\$153,331,770	34	\$174,785,500
Aug. 1990	14	\$161,479,980	29	\$165,398,600
Feb. 1991	10	\$191,489,780	26	\$147,486,500
Aug. 1991	11	\$202,564,380	28	\$132,000,800
Jan. 1992	9	\$193,656,480	31	\$123,015,800
Aug. 1992	16	\$196,850,380	25	\$132,470,400
Jan. 1993	15	\$178,790,400	27	\$137,062,000
July 1993	9	\$ 91,072,000	21	\$121,141,100
Jan. 1994	6	\$ 90,707,300	33	\$154,615,300
July 1994	15	\$101,999,300	28	\$147,370,700
Jan. 1995	13	\$ 66,320,700	52	\$175,385,600
July 1995	14	\$101,192,800	46	\$164,311,800
Jan. 1996	11	\$ 89,901,800	67	\$246,980,600
July 1996	17	\$ 92,701,100	61	\$299,168,300
Jan. 1997	19	\$131,072,400	63	\$282,872,700
July 1997	37	\$235,425,600	44	\$223,235,350
Jan. 1998	33	\$158,837,100	50	\$278,691,575
July 1998	36	\$183,705,300	43	\$285,946,375
Jan. 1999	26	\$153,298,200	42	\$314,955,275
July 1999	20	\$175,689,300	44	\$374,499,175
Jan. 2000	18	\$173,787,000	38	\$380,677,875
July 2000	20	\$171,732,100	44	\$402,994,475
Jan. 2001	20	\$265,311,575	56	\$255,342,400
July 2001	30	\$277,577,875	57	\$509,245,260
Jan. 2002	28	\$282,315,475	51	\$533,569,700
July 2002	25	\$297,186,000	51	\$533,569,700
Jan. 2003	18	\$246,220,200	52	\$700,266,390
July 2003	15	\$239,095,165	58	\$677,135,478
Jan. 2004	18	\$345,073,797	59	\$607,602,868
July 2004	24	\$435,597,765	61	\$837,011,823
Jan. 2005	32	\$540,484,649	77	\$997,282,175
July 2005	42	\$604,951,066	62	\$848,018,466
Jan. 2006	39	\$606,059,278	50	\$681,154,808
July 2006	36	\$753,387,157	55	\$697,916,808
Jan. 2007	39	\$493,513,761	60	\$729,086,980
July 2007	38	\$559,519,076	50	\$586,321,980
Jan. 2008	29	\$510,723,322	46	\$733,693,000
July 2008	27	\$570,815,114	51	\$715,328,000
Jan. 2009	25	\$429,973,546	47	\$906,213,000
July 2009	24	\$633,089,281	40	\$577,740,422
Jan. 2010	18	\$600,252,605	22	\$409,120,032
July 2010	18	\$618,429,022	32	\$539,620,032
Jan. 2011	15	\$605,745,206	30	\$474,190,032
July 2011	19	\$802,905,823	28	\$292,000,000
Jan. 2012	15	\$742,125,183	28	\$313,100,000
July 2012	17	\$655,508,823	31	\$309,600,000
Jan. 2013	12	\$550,585,206	34	\$389,726,000

During the same period we have completed 477 major capital improvement projects with a total in-place cost of \$3,072,481,963.

ATTACHMENT F

PROPERTY ACQUISITION BY LEASE – OFFICE

This request is to acquire approximately 11,026 SF of office space located at 100 E. Franklin St. in Chapel Hill for use by the UNC Center for Developmental Sciences. The lease term will be five years, with a renewal option for an additional five years, at an initial annual rate of \$245,000 with 2% annual escalation. Riddle Commercial Properties Inc. was selected as the lessor through a public bid process. Board of Trustees approval is required because the annual rent for this lease exceeds \$150,000.

RECOMMENDED ACTION

A motion to recommend approval to acquire by lease 11,026 square feet of office space as described.

Lease Report

Board of Trustees
The University of North Carolina at Chapel Hill

January 24, 2013

Review of the Types of Leases Held by The University of North Carolina at Chapel Hill

I. Lease Acquisitions (Space Leased to the University by Others)

A. Office Space Leases

- 295,819 square feet of office space leased to the University with annual rent payments of \$5,828,109.22.
(representing 8.18 % decrease in leased sq ft and 18.08% decrease in annual rent payments since the last lease report in July, 2012)
- 63,471 square feet of office space (included in the above-referenced 295,819 square feet) leased to the University in Endowment owned buildings with annual rent payments of \$1,275,132.39 (representing no change in leased sq ft and 18.10% in annual rent no increase in annual rent payments since last lease report in July, 2012)

B. Miscellaneous Leases

- Leases to the University with annual rent payments of \$33,067.67
(representing 1.62 % increase in annual rent payment since the last lease report in July, 2012)

C. Storage Space Leases

- 2,560 square feet of storage space leased to the University with annual rent payments of \$14,065.28
(representing no increase in leased square feet and .81 % increase in annual rental payments since the last lease report in July, 2012)

II. Lease Dispositions (Space Leased by the University to Others)

A. Rental Houses

- 23 residences with projected annual rent receipts of \$342,002.00
(representing a 2.61% increase in annual rent receipts since the last lease report in July, 2012)

B. Rental Buildings

- 2 buildings with annual rent receipts of \$5,409,721.00
(representing no change in annual rent receipt since the last lease report in July, 2012)

C. Land Leases

- 78.08 acres of land leased with nominal rent receipts (representing a 4.09 % decrease in land leased and no change in nominal annual rent receipt since the last lease report in July, 2012)

The University of North Carolina at Chapel Hill
Leased Space to UNC-CH in Chapel Hill/Carrboro
January 1, 2013

	Owner/Lessor	Lessee Division	Department	Lessee Classification	Funding Source	Location	Lease End Date	Sq Ft	Annual Rent	\$ Per Sq Ft	Renewal Options
1	Yaggy Corporation	Health Affairs	SPH/SOM Horizons Program	University Support	Trust Funds	400 Roberson Street	Mth to Mth	17,864	\$ 323,887.52	\$ 18.13	None
2	Chapel Hill Foundation Real Estate	Health Affairs	Carolina Population Center	Research Program	Overhead Receipts	143 West Franklin St	Mth to Mth	25,952	\$ 518,780.48	\$ 19.99	None
3	Ambient Air, LLC	Health Affairs	SPH, Maternal & Child Health/ Epidemiology	Research Program	Contracts & Grants	116 S Merritt Mill Rd	Mth to Mth	2,400	\$ 43,800.00	\$ 18.25	None
4	Madison Partners, LLC	Health Affairs	Carolina Population Center	Research Program	Overhead Receipts	211-B West Cameron St	Mth to Mth	5,730	\$ 102,612.82	\$ 17.91	None
5	Riddle Commercial Properties, Inc.	Academic Affairs	Center for Developmental Science	Research Program	Overhead Receipts	100 E Franklin St	Mth to Mth	11,003	\$ 260,063.00	\$ 23.64	None
6	Franklin Street Plaza, Ltd.	University Administration	Office of Research Information Systems	Public Service	Overhead Receipts	136 E Rosemary St	Mth to Mth	3,150	\$ 66,181.50	\$ 21.01	None
7	Franklin Street Plaza, Ltd.	Health Affairs	SPH, Injury Prevention Research Center	Research Program	Overhead Receipts	136 E Rosemary St	Mth to Mth	6,555	\$ 145,324.35	\$ 22.17	None
8	Franklin Street Plaza, Ltd.	Health Affairs	SPH, Collaborative Studies Coordinating Ctr	Research Program	Overhead Receipts	136 E Rosemary St	1/31/2013	332	\$ 7,328.48	\$ 21.01	None
9	Franklin Street Plaza, Ltd.	Health Affairs	SPH, Collaborative Studies Coordinating Ctr	Research Program	Overhead Receipts	136 E Rosemary St	1/31/2013	16,444	\$ 363,021.97	\$ 22.08	None
10	* Franklin Steet Plaza, Ltd.	Health Affairs	SPH, Collaborative Studies Coordinating Ctr	Research Program	Dept. Overhead Funds	136 E. Franklin St	1/31/2013	442	\$ 9,370.44	\$ 21.20	None
11	Carr Mill Mall Limited Partnership	Health Affairs	Morehead Planetarium & Science Ctr	University Support	Overhead Receipts	200 N. Greensboro St	3/31/2013	627	\$ 10,822.02	\$ 17.26	None
12	Madison Partners, LLC	Health Affairs	Graduate Student Center	University Support	Overhead Receipts	211-A West Cameron Ave	3/31/2013	2,797	\$ 50,741.52	\$ 18.14	None
13	Franklin Street Plaza, Ltd.	Health Affairs	SOM, Health Behavior and Health Education	Research Program	Trust Funds	136 E Rosemary St	4/30/2013	4,700	\$ 96,262.36	\$ 20.48	None
14	Carr Mill Mall Limited Partnership	Health Affairs	Lineberger Cancer Ctr	Research Program	Trust Funds	200 N. Greensboro St	6/30/2013	1,355	\$ 23,373.75	\$ 17.25	None
15	Board of Trustees of Endowment Fund	See Page 5	See Page 5	See Page 5	See Page 5	720, 725, 730 MLK Blvd	6/30/2013	63,471	\$ 1,275,132.39	\$ 20.09	Two 1 yr w/ 3% inc
16	* Chapel Hill Foundation Real Estate	Health Affairs	SOM, Infectious Diseases	Research Program	Contracts & Grants	143 West Franklin St	6/30/2013	228	\$ 2,109.00	\$ 18.50	None
17	Madison Partners, LLC	University Administration	Center for Public Service	University Support	Overhead Receipts	205 Wilson Street	7/31/2013	1,955	\$ 40,062.06	\$ 20.49	One 1 yr w/ 3% inc
18	Franklin Street Plaza, Ltd.	Health Affairs	Institute for the Environment	Academic Program	Trust Funds	136 E Rosemary St	7/31/2013	4,919	\$ 104,914.36	\$ 21.33	None
19	Franklin Street Plaza, Ltd.	Health Affairs	Institute for the Environment	University Support	Various	136 E Rosemary St	7/31/2013	4,166	\$ 88,860.72	\$ 21.33	None
20	Carr Mill Mall Limited Partnership	Health Affairs	Medical Allied Health	Clinical Program	Overhead Receipts	200 N. Greensboro St	8/31/2013	1,803	\$ 31,101.75	\$ 17.25	None
21	James L. Hodgins	Health Affairs	FPG Child Development Institute	Research Program	Overhead Receipts	517 S. Greensboro St	8/31/2013	17,500	\$ 360,150.00	\$ 20.58	None
22	Sheryl-Mar, LLC	Health Affairs	FPG Child Development Institute	Research Program	Overhead Receipts	517 S. Greensboro St	8/31/2013	6,918	\$ 136,338.96	\$ 19.71	None
23	Sheryl-Mar Company, LLC	Health Affairs	FPG Child Development Institute	Research Program	Overhead Receipts	521 S. Greensboro St	12/31/2013	23,532	\$ 499,349.04	\$ 21.22	None
24	Phillip D. Pearsall	Health Affairs	SPH, Department of Nutrition	Research Program	Overhead Receipts	800 Eastowne Drive	12/31/2013	3,186	\$ 43,940.36	\$ 13.79	Three 1 yr w/3% inc
25	Carr Mill Mall Limited Partnership	Health Affairs	Medical Allied Health	Clinical Program	Contracts & Grants	200 N. Greensboro St	1/31/2014	637	\$ 10,192.00	\$ 16.00	None
26	* Franklin Street Plaza, LLC	Academic Affairs	OVC-Office Research Communication	University Support	Overhead Receipts	136 E Rosemary St	4/30/2014	1,073	\$ 22,985.86	\$ 21.42	Two 1 yr w/ 2.5% inc
27	Franklin Street Plaza, LLC	University Administration	UNC-CH Research Compliance Program	University Support	Overhead Receipts	137 East Franklin Street	6/30/2014	1,037	\$ 21,984.40	\$ 21.20	One 1yr w/ 2.5% inc
28	* Franklin Street Plaza, LLC	University Administration	Office of Sponsored Research	University Support	Overhead Receipts	137 East Franklin Street	12/31/2014	996	\$ 21,747.48	\$ 21.83	Two 1 yr w/ 2.5% inc
29	* Carr Mill Mall Limited Partnership	Academic Affairs	Lineberger Cancer Center (5,373 sq ft)	University Support	Overhead Receipts/ Trust Funds	101 E. Weaver Street	2/28/2015	10,185	\$ 190,160.00	\$ 18.67	None
		Health Affairs	Scales (2,536 sq ft)	Research Program							
		Health Affairs	Dr Lea (126 sq ft)	Research Program							
		Health Affairs	Child Medical (2,150 sq ft)	Research Program							
30	* Franklin Street Plaza, Ltd.	Health Affairs	Institute for the Environment	Academic Program	Trust Funds	136 E Rosemary St	7/31/2015	1,829	\$ 39,170.33	\$ 21.42	Two 1 yr w/ 2.5% inc
31	* West Franklin Preservation Ltd. Partnership	Health Affairs	Carolina Population Center	Research Program	Overhead Receipts	206 West Franklin Street	11/30/2015	11,600	\$ 191,400.00	\$ 16.50	Two 1 yr w/ 3% inc
32	Carr Mill Mall Limited Partnership	University Administration	University Advancement	University Support	Overhead Receipts	200 N. Greensboro St	5/16/2016	1,812	\$ 31,257.00	\$ 17.25	None

Notes:

256,198 \$ 5,132,425.92 \$ 19.60

- Leases executed or renewed since last report (7/12) are denoted by an asterisk (*). During this time, the amount of office space leased in Chapel Hill/Carrboro decreased by 13,572 sq ft. The average cost per sq. ft. increased from \$19.11 per sq. ft. to \$19.60 per sq. ft.
- Amounts shown for Annual Rent and \$ Per Square Foot are based on amounts currently being paid. Most leases include provisions for annual rent increases based on a fixed schedule or increases in building operating costs.
- Utilities and Janitorial are paid by the Lessor for all leases shown except for lease #3, #4, #12 and #21.
- Janitorial services are provided at the Lessor's cost for all leases shown except #5.
- Utilities are paid by the Lessor for all leases shown except for lease #1, #17, #22 and #23.
- Lease #16 is for a 6 month term (not annual rent)

The University of North Carolina at Chapel Hill
Office Space Leased to UNC-CH Outside of Chapel Hill/Carrboro
As of January 1, 2013

	Owner/Lessor	Lessee Division	Department	Lessee Classification	Lessee Source of Funding	Location	Lease End Date	Building Sq Ft	Annual Rent	\$ Per Sq ft	Renewal Options
1	Self-Help Ventures Fund	Health Affairs	SOM, Greensboro TEACCH Program	Clinical Program	State Funds	Greensboro	Mth to Mth	2,905	\$51,128.00	\$17.60	None
2	Edgemont Tenant LLC	Academic Affairs	School of Journalism/Mass Communication	Academic Program	State Funds	Durham	Mth to Mth	167	\$1.00	\$0.00	None
3	Beacon Ventures	Health Affairs	Hunt Institute	Research Program	Contracts & Grants/ Trust Funds	Durham	3/31/2013	4,527	\$115,710.12	\$25.56	One 5 yr
4	Keystone 100, LLC	Health Affairs	Institute of Medicine/Sheps	Research Program	Trust Fund/COH	Durham	4/30/2013	4,328	\$108,070.16	\$24.97	None
5	Highwoods Realty Limited Partnership	Health Affairs	Useful Speech Project	Clinical Program	Contracts & Grants	Durham	7/31/2013	1,293	\$17,382.48	\$13.44	None
6	Fortune's Ridge Associates Limited Partnership	Health Affairs	SOM. CCDP/CASTLE	Clinical Program	Contracts & Grants/ Trust Funds	Durham	2/28/2014	1,180	\$20,650.00	\$17.50	None
7	Seamist Properties Fayetteville LLC	Health Affairs	SOM, Fayetteville TEACCH Program	Clinical Program	State Funds	Fayetteville	2/28/2014	3,100	\$49,135.00	\$15.85	None
8	The Kinston Enterprise Center	Health Affairs	HPDP-Healthy Heart Lenoir Project	Research Program	Contract & Grants	Kinston	7/31/2014	824	\$8,568.00	\$10.40	None
9 *	Fortune's Ridge Associates Limited Partnership	Health Affairs	SOM. CCDP/CASTLE	Clinical Program	Contracts & Grants/ Trust Funds	Durham	12/31/2014	5,149	\$98,139.94	\$19.06	None
10	East Park Associates, LLC	Health Affairs	SOM, Charlotte TEACCH Program	Clinical Program	State Funds	Charlotte	4/30/2015	2,990	\$50,560.90	\$16.91	None
11	Commercial Investors C/O James Little Real Estate	Health Affairs	SOM, Thurston Arthritis Center	Clinical Program	Contracts & Grants	Smithfield	6/30/2015	2,776	\$33,312.00	\$12.00	One 2-yr no inc
12	Wainwright Property Mgmt LLC	Health Affairs	SOM, Greenville TEACCH Program	Clinical Program	State Funds	Greenville	7/31/2015	2,800	\$29,400.00	\$10.50	two 1 yr w/3% inc
13	31 College Place, LLC	Health Affairs	SOM, Asheville TEACCH Program	Clinical Program	State Funds	Asheville	1/31/2017	3,540	\$49,560.00	\$14.00	None
14 *	Abinto Corporation	Health Affairs	SOM, Wilmington TEACCH Program	Clinical Program	State Funds	Wilmington	1/31/2018	3,353	\$53,145.05	\$15.85	two-5yr w/2.5%inc
15 *	Abinto Corporation	Health Affairs	SOM, Wilmington TEACCH Program	Clinical Program	State Funds	Wilmington	1/31/2018	689	\$10,920.65	\$15.85	None
								39,621	\$695,683.30	\$15.30	

NOTES:

1. Leases executed or renewed since the last report (7/12) are denoted with an asterisk (*). Sq ft outside Chapel Hill/Carrboro represented no change in leased square feet since last lease report in July, 2012
2. Amounts shown for Annual Rent and \$ Per Square Foot are based on amounts currently being paid. Most leases include a provision for annual rent increases based on a fixed schedule or increases in building operating costs.
3. Utilities and janitorial services are provided by the Lessor for all leases except #7, #12, #14, #15
4. Janitorial services not included in #6, #9
5. Lease #1 going through lease process.

The University of North Carolina at Chapel Hill
Endowment Owned Buildings on MLK Jr. Blvd. Office Space Leased to UNC-CH
As of January 1, 2013

Lessor	Lessee Division	Lessee Department (Program)	Lessee Classification	Lessee Source of Funds	Square Feet	Annual Rent	\$ Per Square Foot
Endowment Fund	Health Affairs	School of Medicine (Dr. Drossman)	Research Program	Overhead Receipts	579	\$11,632.11	\$20.09
Endowment Fund	Health Affairs	School of Medicine (Division of Cardiology Heart Failure Prog.)	Research Program	Contracts & Grants	311	\$6,247.99	\$20.09
Endowment Fund	Health Affairs	School of Public Health (Institute on Aging)	Research Program	Overhead Receipts Trust Funds	5,162	\$103,704.58	\$20.09
Endowment Fund	Health Affairs	Office of Clinical Trials	Research Program	Overhead Receipts	3,609	\$72,504.81	\$20.09
Endowment Fund	Health Affairs	School of Public Health (Biostatistics Dept, Survey Res. Unit)	Research Program	Overhead Receipts	5,811	\$116,742.99	\$20.09
Endowment Fund	Health Affairs	Cecil G. Sheps Center For Health Services Research	Research Program	Overhead Receipts	34,777	\$698,669.93	\$20.09
Endowment Fund	Health Affairs	Highway Safety Research Center	Research Program	Overhead Receipts Trust Funds	13,222	\$265,629.98	\$20.09
Total 720, 725, 730 Martin Luther King Jr. Blvd					63,471	\$1,275,132.39	\$20.09

The University of North Carolina at Chapel Hill
Miscellaneous Leases to the University
As of January 1, 2013

Owner/Lessor			Lessee Division	Department	Type	Location	Lease End Date	Sq Ft or Acres	Annual Rent
1		Carolina Telephone and Telegraph Company	University Admin	WUNC Radio	Tower & Roof Top	Dare County (See Note 1)	Mth-to-Mth	0	\$0.00
2		Secretary of the Army	University Admin	University of North Carolina	Land	Kerr Lake (see Note 2)	Mth-to-Mth	230 acres	\$0.00
3		Chapel Hill Group Limited Partnership	Health Affairs	SOM, Dermatology	Apartment	Carrboro (See Note 3)	Mth-to-Mth	759 sq ft	\$3,510.00
4		Loretta Malcolm	Health Affairs	SPH, Environmental Sciences & Engineering	Land	Chatham	6/30/2013	2 acres	\$3,025.00
5		GTP Acquisition Partner II, LLC	University Admin	WUNC Radio	Tower & Roof Top	Edgecombe County (See Note 1)	12/31/2017	100 sq ft	\$18,084.67
6		Chapel Hill City Board of Education	Health Affairs	Frank Porter Graham Child Development Institute	Land	Chapel Hill	9/17/2019	10.81 acres	\$0.00
7		RDU International	Health Affairs	AHEC Facility	Land	RDU - Durham	12/1/2030	70,390	\$8,448.00
									\$33,067.67

* Leases executed or renewed since the last report (7/12) are denoted with an asterisk (*).

1. Tower, rooftop and associated land space to locate FM broadcast antenna and transmitter. Item #1 Working with State Property Office to secure new lease.

2. Use of space for picnics, boating, camping, swimming and nature studies or current and retired University employees, University Hospital employees and General Administration employees. Working with Secretary of the Army and the State Property Office to secure a new lease.

3. Rental cost reflects a 6 month term. Utility and Janitorial services are not provided by Lessor. Going through lease process now.

The University of North Carolina at Chapel Hill
Lease Summary Storage Space Leases
As of January 1, 2013

	Owner/Lessor	Department	Storage Type	Lease End Date	Building Sq Ft	Annual Rent
1	Starpoint, Inc.	Highway Safety Research Center	Mini	4/30/2013	200	\$ 1,680.00
2	Charlotte EAST, LLC	Charlotte TEACCH Center	Mini	9/30/2013	472	\$ 3,889.28
3	* Yarboro & Hessee Warehouses, LLC	Ackland Art	Bulk	7/31/2014	1,888	\$ 8,496.00
					2,560	\$14,065.28

Notes:

* Leases executed or renewed since the last report (1/12) are denoted with an asterisk (*).

* Error in sq footage and annual rent in July, 2012. Showed 2,360 sf and \$12,272.00 annual rent. Should have read 2,560 sf and \$13,952.00.

The University of North Carolina at Chapel Hill
Summary of Lease Dispositions
As of January 1, 2013

	Location	Lessee's Name	Sq ft	Monthly Rent	Annual Rent	Lease End Date
I. Rental Houses						
1	University Lake (Lake Warden's House)	OWASA	1,080	\$0	\$1	Mth to Mth
2	Horace Williams House	The Chapel Hill Preservation Society	2,600	\$0	\$1	Mth to Mth
3	1450 Mason Farm Place, Chapel Hill	David and Susan Demers	3,196	\$1,400	\$16,800	1/31/2013
4	12276 US Highway 15-501 North, Pittsboro	Roger & Anita Badrock	1,300	\$1,150	\$13,800	2/28/2013
5	1303 Mason Farm Road, Chapel Hill	Lyneise Williams	2,314	\$1,550	\$18,600	2/28/2013
6	1404 Mason Farm Road, Chapel Hill	Scott & Kelly Wentland	1,775	\$1,450	\$17,400	3/31/2013
7	1500 Mason Farm Road, Chapel Hill	Jeremy & Guenieve Moulton	2,429	\$1,375	\$16,500	5/31/2013
8	307 W Cameron Ave, Chapel Hill	Deborah Miller	2,936	\$2,050	\$24,600	5/31/2013
9	6627 Maynard Farm Road	Arthur Menius	1,846	\$1,250	\$15,000	5/31/2013
10	2311 Homestead Road, Chapel Hill	Michael & Denise Lopez	2,306	\$1,500	\$18,000	5/31/2013
11	620 Park Place, Chapel Hill	Freddie Kiger	1,400	\$1,475	\$17,700	5/31/2013
12	1506A Mason Farm Road, Chapel Hill	Andrew Pukal	2,300	\$1,450	\$17,400	5/31/2013
13	1301 Mason Farm Road, Chapel Hill	Kristie Arkles	2,609	\$1,400	\$16,800	6/30/2013
14	114A Chase Avenue, Chapel Hill	Skyler Wason & Dana Falkenberg	1,100	\$1,050	\$12,600	7/31/2013
	114B Chase Avenue, Chapel Hill	Daniel Moseley	780	\$600	\$7,200	12/31/2014
15	107 Chase Avenue, Chapel Hill	Bryan Richardson	2,324	\$1,450	\$17,400	7/31/2013
16	1309 Homestead Road, Chapel Hill	Robert & Nadine Woods	1,649	\$1,175	\$14,100	8/31/2013
17	6703 Maynard Farm Road	David Nichols	3,461	\$1,400	\$16,800	11/30/2013
18	1307 Mason Farm Road, Chapel Hill	Eric McAfee	3,010	\$1,500	\$18,000	2/28/2014
19	109 Chase Ave, Chapel Hill	Macon E. Lowman	2,324	\$1,450	\$17,400	5/31/2014
20	301 Chase Avenue, Chapel Hill	Stephen Seiberling	1,940	\$1,225	\$14,700	5/31/2014
21	1402 Mason Farm Road, Chapel Hill	John & Corie Gallemore	3,200	\$1,200	\$14,400	6/30/2014
22	1301 Mason Farm Road, Chapel Hill	Kristie Arkles	2,609	\$1,400	\$16,800	11/30/2014
			50,488	\$28,500	\$342,002	

Location		Lessee's Name	Monthly Rent	Annual Rent	Lease End Date	
II. Rental Buildings						
1	Mason Farm Road	Environmental Protection Agency	66,000	\$450,810	\$5,409,720	1/31/2015
2	Carolina Inn, Chapel Hill NC	BOT of the Endowment Fund	118,780	\$0	\$1	6/30/2041
			184,780	\$450,810	\$5,409,721	

Notes

The University of North Carolina at Chapel Hill
Summary of Lease Dispositions
As of January 1, 2013

Location		Lessee's Name	Land Acreage	Annual Rent	Lease End Date
III. Land Leases					
1	Chapel Hill-Carrboro Bikeway	Town of Carrboro	0.70	\$1.00	mth-mth
3	University Lake	Orange Water and Sewer Authority	9.30	\$0.00	8/8/2016
4	Park & Ride Lot near University Lake, Carrboro	Town of Chapel Hill	7.00	\$1.00	5/19/2019
5	Old Mason Farm Road	Family House at UNC Hospitals	5.83	\$1.00	5/31/2031
6	Smith Middle School Playing Fields	Orange Co., NC	16.60	\$0.00	7/13/2031
7	UNC-CH campus -George Watts Hill Alumni Center	General Alumni Association	4.10	\$1.00	10/1/2034
8	101 Old Mason Farm Road	Ronald McDonald House of Chapel Hill	2.04	\$1.00	10/31/2035
9	208 Finley Golf Course Rd	Beta XI Chapter, Kappa Psi Pharmaceutical Frat.	1.38	\$0.00	8/5/2068
10	Barbee Chapel Rd	UNC Faculty Staff Recreation Association, Inc.	28.00	\$0.00	7/7/2075
11	222 Finley Golf Course Rd.	North Carolina High School Athletic Association	1.45	\$1.00	5/13/2088
12	1411 Homestead Road, Chapel Hill	Town of Carrboro	1.68	\$1.00	11/30/2105
			78.08	\$7.00	

Location		Lessee's Name	Land Acreage	Annual Rent	Lease End Date
IV. Miscellaneous Leases					
	Horace Williams Airport (South of Runway 27)	US Dept. of Trans., Federal Aviation Admin.	N/A	\$0.00	9/30/2015

Notes

Comprehensive Annual Financial Report 2012



Photo credit: Sam Kitterman '05

January 23, 2013



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Financial Points for Fiscal Year End June 30, 2012

- Unqualified audit opinion issued by State Auditor, no financial audit findings, and no audit adjustments.
- Total assets increased 7.5 percent to \$7.6 billion.
- Net assets increased 3.2 percent to \$4.2 billion.
- Net assets change was \$131 million in 2012, and \$391 million in 2011. [*Return on long-term investment fund was 2.1 percent in 2012 and 15.3 percent for 2011*].
- State appropriations and aid decreased 9 percent to \$486.5 million.
- Operating revenues increased 1.9 percent to \$1.74 billion.
- Operating expenses increased 0.7 percent to \$2.45 billion.
- Private gifts and grants, with state matching funds, exceeded \$287 million, including foundations.
- 17th GFOA *Certificate of Achievement* received for 2011 CAFR.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



Financial Reporting Standards

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, (an amendment of GASB Statement No. 53)

Statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The Statement lists criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Effective for FYE 2012.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

- Deferred outflows and inflows of resources are reported in a statement of financial position in a separate section following assets and liabilities respectively
- Net Assets are renamed as Net Position
- Effective for FYE June 30, 2013



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



Financial Reporting Standards for FYE June 30, 2013

GASB Statement No. 61, *The Financial Reporting Entity Omnibus*

- Amends standards for including component units (CU's) in CAFR
- Additional focus on financial benefit or burden relationship as criteria
- Authority to appoint board no longer single factor in determining a CU
- Currently 7 CU's blended and 3 presented discretely (separately) in CAFR



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



University Financial Reporting Entity 2012

Included In CAFR (Blended Presentation)

1. The UNC Law Foundation of North Carolina, Inc.
2. The School of Education Foundation, Inc.
3. The Kenan-Flagler Business School Foundation
4. The University of North Carolina at Chapel Hill Foundation, Inc.
5. The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc.
6. UNC Management Company, Inc.
7. UNC Investment Fund, LLC

WHY? University controls a majority of the Board appointments for the entity.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



University Financial Reporting Entity 2012

Included In Separate Financial Statements In CAFR (Discrete Presentation)

1. The Educational Foundation Scholarship Endowment Trust
2. The University of North Carolina at Chapel Hill Arts & Sciences Foundation, Inc.
3. The Medical Foundation of North Carolina, Inc.

WHY? University does not control a majority of the Board appointments for the entity; however, the entity exists for the direct benefit of the University,

Not Included In CAFR

- The Dental Foundation of North Carolina, Inc.
- The Educational Foundation, Inc.
- The School of Government Foundation, Inc.
- 8 Other Foundations

WHY NOT? The entity's net assets are less than 5% of the University's net assets.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

[i.e. INCOME STATEMENT]

	FYE 2012	FYE 2011	Change
Operating Revenues (Slide 8)	\$1,736,529,068	\$1,704,935,707	1.9%
LESS: Operating Expenses (Slide 9)	<u>2,449,478,732</u>	<u>2,432,439,775</u>	0.7%
Operating Loss	(712,949,664)	(727,504,068)	-2.0%
Non-Operating Revenues/Expenses (Slide 10)	<u>732,310,321</u>	<u>973,412,474</u>	-24.8%
Income before Other Changes	19,360,657	245,908,406	-92.1%
Capital Additions (Slide 11)	<u>111,326,821</u>	<u>145,452,432</u>	-23.5%
Increase in Net Assets	130,687,478	391,360,838	-66.6%
Net Assets - July 1	<u>4,102,958,532</u>	<u>3,711,597,694</u>	10.5%
Net Assets - June 30	<u><u>\$4,233,646,010</u></u>	<u><u>\$4,102,958,532</u></u>	3.2%



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



INCOME STATEMENT

OPERATING REVENUES

	FYE 2012	FYE 2011	Change
Operating Revenues:			
Student tuition and fees, net	\$320,535,342	\$289,896,547	10.6%
Patient services, net	280,670,917	280,034,935	0.2%
Federal grants and contracts	578,701,477	571,287,523	1.3%
State and local grants and contracts	41,953,253	38,251,452	9.7%
Non-governmental grants and contracts	105,191,402	146,081,345	-28.0%
Sales and services, net	400,479,549	373,705,560	7.2%
Interest earnings on loans	849,473	842,582	0.8%
Other operating revenues	<u>8,147,655</u>	<u>4,835,763</u>	68.5%
Total operating revenues	<u><u>\$1,736,529,068</u></u>	<u><u>\$1,704,935,707</u></u>	1.9%



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



INCOME STATEMENT

OPERATING EXPENSES

	FYE 2012	FYE 2011	Change
Operating Expenses:			
Salaries and benefits	\$1,375,757,987	\$1,379,177,952	-0.2%
Supplies and materials	164,899,338	162,998,866	1.2%
Services	617,589,458	614,928,151	0.4%
Scholarships and fellowships	96,870,511	91,139,491	6.3%
Utilities	80,831,565	81,471,033	-0.8%
Depreciation and amortization	<u>113,529,873</u>	<u>102,724,282</u>	10.5%
Total operating expenses	<u><u>\$2,449,478,732</u></u>	<u><u>\$2,432,439,775</u></u>	0.7%



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



INCOME STATEMENT

NET NONOPERATING REVENUES

	FYE 2012	FYE 2011	Change
Non-Operating Revenues (Expenses):			
State appropriations	\$486,492,294	\$534,677,905	-9.0%
Non-capital grants -- student financial aid	17,898,888	18,945,583	-5.5%
Other non-capital grants	163,440,317	175,600,458	-6.9%
Non-capital gifts, net	99,445,647	93,166,398	6.7%
Investment income			
(net of investment expenses)	33,133,817	208,184,198	-84.1%
Interest and fees on debt	(64,321,547)	(56,764,609)	13.3%
Federal interest subsidy on debt	2,273,604	2,272,964	0.0%
Other non-operating expenses	<u>(6,052,699)</u>	<u>(2,670,423)</u>	126.7%
Net non-operating revenues	<u><u>\$732,310,321</u></u>	<u><u>\$973,412,474</u></u>	-24.8%



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



INCOME STATEMENT

CAPITAL ADDITIONS

	FYE 2012	FYE 2011	Change
Capital Additions:			
Refund of capital appropriations	\$0	(\$81,256)	
Capital grants	78,133,274	91,864,121	-14.9%
Capital gifts	5,630,001	9,149,274	-38.5%
Additions to endowments	<u>27,563,546</u>	<u>44,520,293</u>	-38.1%
Total capital additions	<u><u>\$111,326,821</u></u>	<u><u>\$145,452,432</u></u>	-23.5%



RECAST INCOME STATEMENT

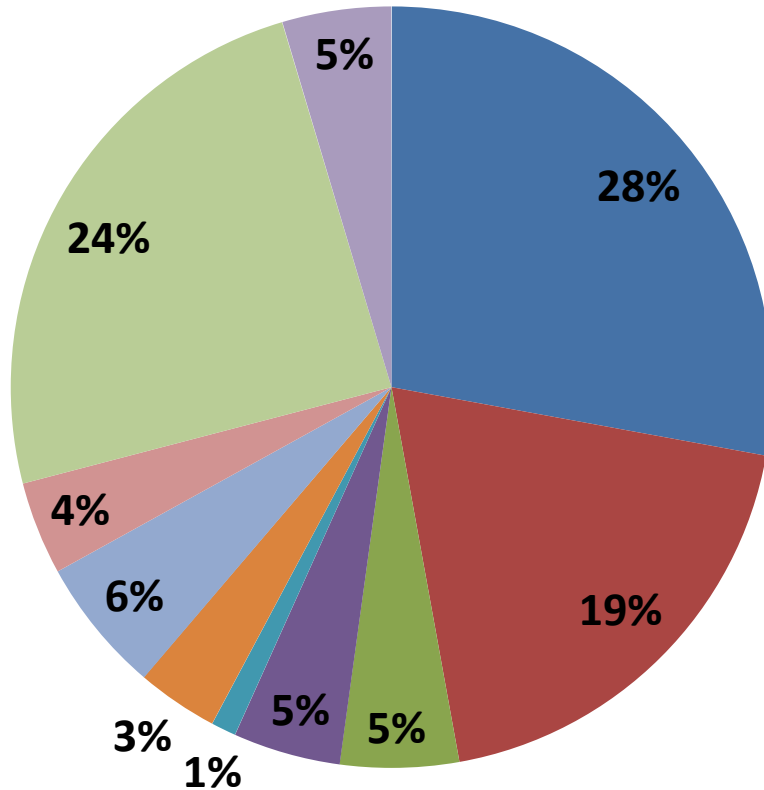
	FYE 2012	FYE 2011	Change
Revenues for Operations:			
Student tuition and fees, net	\$320,535,342	\$289,896,547	10.6%
State appropriations	486,492,294	534,677,905	-9.0%
Grants and contracts	907,185,337	950,166,361	-4.5%
Sales and services, net	681,150,466	653,740,495	4.2%
Non-capital gifts, net	99,445,647	93,166,398	6.7%
Investment income	28,831,888	36,069,001	-20.1%
Other revenues	2,944,429	3,007,922	-2.1%
Total Revenues for Operations	2,526,585,403	2,560,724,629	-1.3%
LESS: Operating Expenses & Debt Service	2,511,526,675	2,486,931,420	1.0%
Operating Margin	15,058,728	73,793,209	-79.6%
Capital Additions:			
Capital gifts and grants	83,763,275	100,932,139	-17.0%
Investment income	4,301,929	172,115,197	-97.5%
Additions to endowments	27,563,546	44,520,293	-38.1%
Total Capital Additions	115,628,750	317,567,629	-63.6%
Increase in Net Assets	130,687,478	391,360,838	-66.6%
Net Assets - July 1	4,102,958,532	3,711,597,694	10.5%
Net Assets - June 30	\$4,233,646,010	\$4,102,958,532	3.2%



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



2012 Operating Expenses by Function: \$2,449,479 (in thousands)



- Instruction \$682,857 (-2.3% change from prior year)
- Research \$472,102 (+0.7%)
- Public Service \$122,989 (-10.4%)
- Academic Support \$111,719 (+5.5%)
- Student Services \$25,992 (-8.2%)
- Institutional support \$84,400 (-7.8%)
- Operations and Maintenance of Plant \$140,417 (-3.3 %)
- Student Financial Aid \$96,871 (+6.3%)
- Auxiliary Enterprises \$598,602 (+6.4%)
- Depreciation and amortization \$113,530 (+10.5%)



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



NET ASSET CATEGORIES

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Net assets represent the University's total investment in capital assets attributable to the acquisition, construction, or improvement of those assets, net of accumulated depreciation and outstanding debt obligations.

RESTRICTED NON-EXPENDABLE

Net assets represent the historical value (corpus) of gifts to the University's permanent endowment funds. The use of the funds is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

RESTRICTED EXPENDABLE

Net assets represent the spendable resources subject to externally imposed stipulations and other parameters governing their use. Net assets include net appreciation of permanent endowments, funds functioning as endowment, expendable gifts, contracts and grants, and other restricted net assets.

UNRESTRICTED

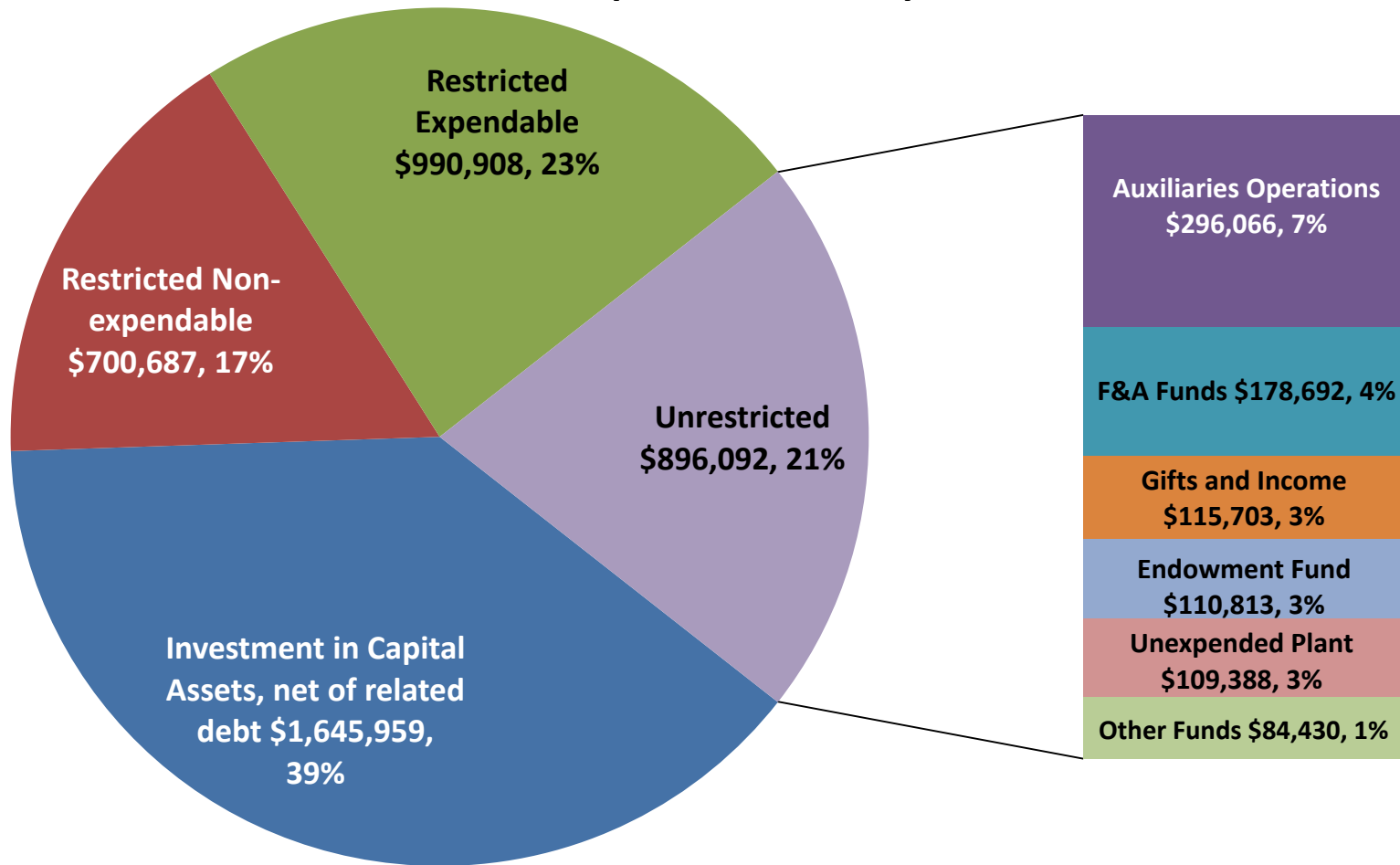
Net assets represent the spendable resources that are not subject to externally imposed stipulations. The resources are designated for various operating and capital uses. Includes resources derived from student tuition and fees, state appropriations, sales and services, unrestricted gifts, and other unrestricted funds.



THE UNIVERSITY
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2012 Net Assets: \$4,233,646 (in thousands)



THE UNIVERSITY
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BUDGET, FINANCE, AND AUDIT COMMITTEE MEETING

January 23, 2013



CAFR 2012- Additional Discussion and Questions



THE UNIVERSITY
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at CHAPEL HILL



ATTACHMENT H
Continued

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

2012 Comprehensive Annual Financial Report

Fiscal year ended June 30, 2012 • Chapel Hill, North Carolina

A Constituent Institution of the University of North Carolina System and a Component Unit of the State of North Carolina



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

2012 Comprehensive Annual Financial Report

Fiscal year ended June 30, 2012 • Chapel Hill, North Carolina
Prepared by the Controller's Office



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

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Introductory Section





Message from the Chancellor



This year has been full of great accomplishments by our students, faculty and staff. We welcomed nearly 4,000 outstanding first-year students whom we accepted from a record 29,000 applicants, up 24 percent over last year.

We're grateful to the General Assembly for a budget that gives us stability with no significant new cuts and recognizes the hard work and contributions of our employees. Our faculty and staff received modest raises for the first time in four years. We will keep the revenue associated with tuition increases previously approved by the UNC Board of Governors. These funds will help us address need-based financial aid, restore courses eliminated in prior budget reductions and provide graduate student aid. They also will help us retain faculty who have received offers from other institutions. We've increased the percentage of successful faculty retentions to pre-2008 levels as part of a strategy to keep our very best teachers and scholars.

Faculty brought in \$767 million in research funding despite a challenging federal budget. We rose to ninth from 16th among leading private and public research universities for the

level of federal funding (\$545.99 million) devoted to research and development in all fields during fiscal 2010. We've gained 10 spots in the national top 25 list since 2008. That's a great tribute to our faculty, who have been remarkably successful in attracting research funding despite the downturn.

Private gifts made possible our second best year ever for private fundraising. Gifts increased by 4 percent to \$287.4 million. New commitments jumped even more – by 8 percent – to \$331.4 million. The number of donors is up over last year by more than 1,000 and now tops the 78,000 mark. The future remains bright. Gifts are up 11 percent compared with the same time last year.

Innovate@Carolina, the roadmap to help us accelerate innovation and apply important ideas, continues to gain momentum. We've raised about \$66 million to expand innovation and entrepreneurial programs on campus since the campaign was launched in 2010.

Our Board of Trustees began a visioning process for a new model for the 21st-century American public research university. They are leading the campus community in thinking about important topics like college access and completion, undergraduate education models and how research can help solve the world's problems. These are challenging times for U.S. public higher education, but I'm optimistic that Carolina's future is very bright.

“Compared with other campuses around the nation, Carolina has emerged from the economic downturn in excellent shape.” –*Holden Thorp*

Letter of Transmittal

December 3, 2012



To Chancellor Thorp, Members of the Board of Trustees, and Friends of The University of North Carolina at Chapel Hill:

This *Comprehensive Annual Financial Report* (CAFR) includes the financial statements for the year ended June 30, 2012, as well as other useful information that helps ensure the University's accountability to the public. Responsibility

for the accuracy of the information and for the completeness and fairness of its presentation, including all disclosures, rests with the University's management. We believe the information is accurate in all material respects and fairly presents the University's financial position, revenues, expenses, and other changes in net assets.

We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and the audit committee and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition. The University is a participant in Finance Improvement and Transformation (UNC FIT). UNC FIT is a collaborative project sponsored by the UNC System's General Administration that seeks to strengthen internal controls in the finance areas to ensure financial integrity and accountability and meet the requirements of Enhancing Accountability in Government through Leadership and Education (EAGLE). EAGLE is the State's internal control program that was established by the Office of the State Controller to meet the requirements of House Bill 1551, Chapter 143D "State Governmental Accountability and Internal Control Act."

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited by the Office of the State Auditor or a certified public accountant each year. The University's internal auditors also perform fiscal, compliance, and performance audits. The reports resulting from these audits are shared with University management. Internal and external audit reports are

provided to the Audit and Finance Committee of the Board of Trustees. The audit of the University's federal financial assistance programs is performed by the Office of the State Auditor in conjunction with the statewide Single Audit.

The CAFR includes Management's Discussion and Analysis and all disclosures necessary for the reader to gain a broad understanding of the University's financial position and results of operations for the fiscal year ended June 30, 2012.

PROFILE OF THE UNIVERSITY

The University of North Carolina was anticipated by the first state constitution drawn up in 1776 directing the establishing of "one or more universities" in which "all useful learning shall be duly encouraged and promoted." The American Revolution intervened and it was not until 1789, the year that George Washington became president of the new nation, that the University was chartered by the General Assembly. On October 12, 1793, the cornerstone was laid for the first campus building.

Now in its third century, UNC belongs to the select group of American and Canadian campuses forming the Association of American Universities. UNC's academic offerings span more than 100 fields, including bachelor's, master's and doctoral degrees as well as professional degrees in dentistry, medicine, pharmacy and law. Five health schools which, with UNC Hospitals, comprise one of the nation's most complete academic medical centers are integrated with liberal arts, basic sciences and high-tech academic programs.

The accompanying financial statements present all funds belonging to the University and its component units. While the multi-campus University of North Carolina System's Board of Governors has ultimate responsibility, the chancellor, the University's Board of Trustees, and the Board of Trustees of the Endowment Fund have both delegated and statutory responsibilities for financial accountability of the University's funds. For the fiscal year ended June 30, 2012, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 64,

Derivative Instruments: Application of Hedge Accounting Termination Provisions. GASB Statement No. 64 sets forth criteria used to establish when an effective hedging relationship continues and hedge accounting should continue to be applied when the swap counterparty or a swap counterparty's credit support provider has been replaced.

The financial reporting entity for the financial statements is comprised of the University and ten component units. Seven of these, although legally separate, are reported as if they were part of the University. These include The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund), UNC Investment Fund, LLC (UNC Investment Fund), UNC Management Company, Inc. (Management Company), The University of North Carolina at Chapel Hill Foundation, Inc. (UNC-CH Foundation), The Kenan-Flagler Business School Foundation (Business School Foundation), The School of Education Foundation, Inc. (School of Education Foundation), and U.N.C. Law Foundation, Inc. (Law Foundation).

Separate financial statements for three other component units are reported based on GASB Statement No. 39. The Medical Foundation of North Carolina, Inc. (Medical

Foundation), The Educational Foundation Scholarship Endowment Trust (Educational Foundation Trust), and The University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc. (Arts and Sciences Foundation) are legally separate, non-profit, tax-exempt organizations and are reported as discretely presented component units based on the nature and significance of their relationship to the University.

The accounting and financial records of the Chapel Hill Investment Fund, UNC-CH Foundation, UNC Investment Fund, Management Company, Business School Foundation, School of Education Foundation, Law Foundation, Arts and Sciences Foundation, Medical Foundation, Educational Foundation Trust, WUNC Radio, and the Athletic Department are each audited by a public accounting firm in addition to a State Auditor review. All audit reports are available for public inspection.

Other related foundations and similar non-profit corporations for which the University is not financially accountable are not part of the accompanying financial statements. The University of North Carolina at Chapel Hill is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of



the State's *Comprehensive Annual Financial Report*.

The University is responsible for controlling its budget and using the funds to fulfill its educational, research, and public service missions. It is also responsible for planning, developing, and controlling budgets and expenditures within authorized allocations in accordance with University, state, and federal policies and procedures. The University maintains budgetary controls to ensure compliance with provisions embodied in the annual appropriated budget approved by the North Carolina General Assembly, and as further directed by the Board of Governors. Project-length financial plans are adopted for capital projects.

After the budget has been approved by the chancellor and the Board of Governors, the University follows an established system of budgetary controls. Finance and Administration issues periodic interim budget statements to department heads to guide them in managing their budget allocations. Monthly financial reports are provided on each fund to individual managers responsible for the fund. Financial reports are also provided to the state. When actual conditions require changes to the budget, revisions are prepared and these revisions are appropriately approved and communicated to those affected. Changes to the budget are approved at the University level and/or the state level as required. Based on the state's management flexibility legislation, the University has received delegated authority for designated budget changes. The University maintains an encumbrance accounting system as another method to ensure that imposed expenditure constraints are observed.

ECONOMIC CONDITION

The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce released revised data for gross domestic product (GDP) by state for 1997-2010 on June 5, 2012. GDP is the total value of goods and services produced for final demand within the borders of a state.

The BEA also published the first advance estimates of GDP by state for 2011. Total GDP for North Carolina in current dollars was \$439.9 billion in 2011. That was 2.9



The University of North Carolina at Chapel Hill has received the award for reporting excellence for the past 17 years.

percent of the United States GDP and the ninth largest total placing above Virginia and below Ohio. In real terms (adjusted for price changes) GDP in North Carolina was \$385.1 billion in 2011. That measure was also 2.9 percent of the U.S. GDP and also ranked ninth between Ohio and Virginia.

The increase in real GDP was 1.8 percent in North Carolina in 2011, slightly above the 1.5 percent national average. In terms of real GDP per capita, North Carolina ranked 27th in 2011 at \$39,879. That was 94.8 percent of the national average of \$42,070, below Nevada and above Kansas.

The BEA released revised data on state personal income for 2009-2011 on September 25, 2012. The totals for North Carolina were revised down by 0.4 percent for

both 2009 and 2011 and 1.2 percent for 2010. The revised total personal income for North Carolina was \$347.9 billion for 2011. That was an increase of 5.2 percent from 2010 and 2.7 percent of the national total. Total personal income was below Massachusetts (\$352.2 billion) and above Washington (\$299.7 billion). North Carolina ranked 12th in the United States.

The same data release estimated that personal income in North Carolina was running at a seasonally adjusted annual rate of \$360.2 billion in the second quarter of 2012. That is a new record, an increase of 3.5 percent from the second quarter of 2011. For the fiscal year total personal income was \$353.9 billion. Also a new record, this contributes to the strong rise in North Carolina's revenues in the 2011-2012 fiscal year.

According to the Bureau of Labor Statistics (BLS), nonfarm payroll growth in North Carolina was slow during the fiscal year with 3,954,900 such jobs in June 2012. This was an increase of 0.7 percent from June 2011, but below the national increase for the same period of 1.3 percent. The North Carolina total remains well below the 4,138,800 peak of such jobs in February 2008.

On the total employment side, which includes the self-employed and agricultural workers, the BLS reported 4,216,014 people employed in North Carolina in June 2012, an increase of 1.4 percent from a year earlier. The unemployment rate fell from 10.5 percent to 9.4 percent over that period.

“The University will continue to provide excellent teaching, research, and public service endeavors for students, citizens, and other constituents.”

The Census Bureau reported that the total population of North Carolina was 9,656,401 on July 1, 2011, an increase of 1.3 percent from the Census report of April 1, 2010. This was above the national average increase of 0.9 percent for that same period. The population of North Carolina equals 3.1 percent of the total United States.

On September 12, 2012, the Census Bureau issued its annual report on income and poverty in the United States. The Census Bureau reported median household income of \$45,206 in 2011 for North Carolina. The national average was \$50,054. The Bureau also reported that North Carolina had a poverty rate of 17.9 percent in 2011, somewhat above the national average of 15.0 percent.

Most economic forecasters expect economic growth in the coming year for the U.S. to be well above the 2.1 percent experienced in fiscal year 2011-2012. If North Carolina can return to its pre-2000 pattern of growing faster than the U.S. average, the state should experience significant improvement in the economic environment in fiscal year 2012-2013.

The University's fiscal stability during fiscal year 2011-2012 will serve as a bridge to an improved financial outlook for fiscal year 2012-2013 and forward. The University will continue to maintain and generate sufficient resources to successfully fulfill its teaching, research, and service missions.

The University will continue to provide excellent teaching, research, and public service endeavors for students, citizens, and other constituents. Management has taken action to restructure and reduce the operating budget while protecting the academic foundation as much as possible. Carolina Counts is a program initiated by the chancellor to carry out key recommendations from a significant review of the campus operating structure and to address ways to make the University more efficient. The University has identified and implemented \$50 million in permanent administrative savings based on a previous study of campus operations by an outside consultant. Carolina Counts, the resulting campus initiative, has helped us streamline operations and eliminate unnecessary bureaucracy, thereby reallocating resources to support the academic mission.

The University remains committed to sound financial and budgetary planning, protection and enhancement of

its endowed and physical assets, as well as its observance of compliance and control standards.

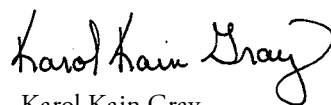
Carolina's progress, priorities, and major initiatives during fiscal 2011-2012 reflected the University's vision of becoming the nation's leading public university. Following this letter are recent highlights.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its CAFR for the fiscal year ended June 30, 2011. This was the 17th consecutive year that the University has been honored with this prestigious award. To receive a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts of the University community, with special assistance from the Chancellor's Office, the Office of the Executive Vice Chancellor and Provost, the Office of Sponsored Research, Student Affairs, Information Technology Services, University Advancement, University Relations, Institutional Research and Assessment, the Office of Scholarships and Student Aid, the Department of Athletics, and Dr. James F. Smith, Adjunct Professor of Business Administration in the Kenan-Flagler Business School. In addition, the Office of the State Auditor provided invaluable assistance.



Karol Kain Gray
Vice Chancellor for Finance and Administration

Progress and Major Initiatives

Fiscal Year 2011-2012

Recent Achievements Affirm Carolina's Standing Among Great Research Universities



Carolina is widely recognized as one of the world's most influential and respected research universities. Every day, students, faculty and staff work together to improve the lives of people across North Carolina, the United States and the world. Fiscal 2011-2012 was full of great accomplishments that have only enhanced the University's reputation as a global higher education leader.

The Old Well is the visual symbol of the University.

HIGHLIGHTS INCLUDED THE FOLLOWING:

The Class of 2016 has nearly 4,000 outstanding first-year students enrolled from a record 29,000 applications – up 24 percent over the previous year.

The Carolina Covenant enrolled its ninth class in fall 2012 with 581 new first-year and transfer students. An estimated 2,600 Covenant Scholars are studying at Carolina, and more than 4,000 students have benefitted from the program, which promises qualified low-income students a debt-free education.

The Times Higher Education Magazine in London ranked UNC 42nd among the world's top 400 universities.

Faculty attracted more than \$767 million in total research grants and contracts in fiscal 2012 for research that is helping to cure diseases and produce new knowledge to help people.

Carolina rose to 9th from 16th among leading private and public research universities for the level of federal funding (\$545.99 million) devoted to research and development in all fields during fiscal 2010.

The faculty's expertise is a boon for our undergraduates; nearly 68 percent of 2011-2012 graduating seniors in the College of Arts and Sciences conducted original research for courses. That figure is up an amazing 10 percent since we made enhancing research by undergraduates one of the priorities in the

general education curriculum.

Carolina produced the third highest number of volunteers for the Peace Corps among large U.S. universities and ranked eighth on a similar list by Teach for America of top schools contributing the greatest number of graduating seniors.

Work by more than 27,000 students to help communities in North Carolina was recognized when the University made the Presidential Honor Roll for Community Service, an honor given by The Corporation for National and Community Service and the U.S. Department of Education.

Generous donors provided \$287.4 million in gifts in fiscal 2012. The total marked the University's second-best year in history.



Fall color frames another beautiful day near Peabody Hall (at top). President Barack Obama spoke about college affordability and support for public universities during a White House event at Carolina in April 2012. (above). Graduates show their moms some love during a Mother's Day edition of Commencement in Kenan Stadium (right).



Strong Financial Aid Fosters Excellence, Provides Access

Carolina's tuition and fees are among the nation's lowest. But even this great value would be beyond the reach of some families without strong need-based aid. Over 40 percent of our students qualify for financial support – more than ever before. These students are achieving great things – and their presence strengthens Carolina. Need-based aid also provides

a safety net for all students. Family finances can change quickly. We were ready when these students needed help.

The University's success in aiding students has been possible because of longstanding commitments by the North Carolina General Assembly, the UNC Board of Governors and the University's Board of Trustees.



1 | DANIEL ADAMS When his dad's sweet potato crop rotted, financial aid from UNC was a "godsend" for Daniel Adams.

2 | PRUTHA LAVANI Hard work and her financial aid package from UNC are making Prutha Lavani's dream of a career in pharmacy a reality.

3 | WILL LEIMENSTOLL Will Leimenstoll and his "solidly middle class" family juggled to get two children through college.

4 | SHAQUICE DACOSTA Her parents had been saving for her education since Shaquice DaCosta was born. But the money ran out after two years.

To read more about the wide range of students Carolina helps, go to "Why Student Aid Matters," at <http://greatstudents.unc.edu/>.

Meet the Class of 2016 – Among the Best Prepared Ever

In fall 2012, Carolina enrolled 3,914 first-year students from a record 29,497 applications, which generated 71,640 individual reads by admissions staff. Applications increased dramatically from all regions of the country, as well as by six percent in North Carolina. Nearly 79 percent graduated in the top 10 percent of their high school class. More than 43 percent were among the top 10 students

in their class. More than 12 percent were valedictorian or salutatorian. They posted an average 1304 on the SAT (critical reading and math). Nearly 23 percent scored over 1400 on the SAT. More than 17 percent were first-generation college students; another 12 percent were eligible for the Carolina Covenant, which promises qualified low-income students the chance to graduate debt-free. This year's class hailed from 96 North Carolina counties, 43 states and 28 countries.



From the 1990s through the post-2008 recession, "UNC-Chapel Hill has been a leader for academic excellence, low cost and generous financial aid – exactly the criteria by which we define value."— *Kiplinger's Personal Finance Magazine*, which has ranked Carolina the nation's #1 academic value 11 consecutive times.

‘Water In Our World’ Focus Of Two-Year Academic Theme

Carolina’s faculty include some of the world’s leading water experts. In response to the University’s new Academic Plan, they successfully proposed devoting the next two years to “Water in Our World,” a campus-wide theme that’s fitting for a university that aspires to help solve the world’s biggest problems. By focusing on water, the campus community hopes to show how the scholarship we foster in a variety of disciplines helps improve people’s lives.

Key issues of focus will include ensuring water is available to and safe for people around the world since that access affects their health, the economy and social development.



WATER IN OUR WORLD

UNC-Chapel Hill experts say the already furious demand for water will intensify with more economic growth and development as the world’s population hits the 9 billion or more mark by mid-century. New UNC research published by the University’s Water Institute reports 1.8 billion people around the world (28 percent of the population) use unsafe water. Millions die annually from water-related health problems. And two of the most frequent natural disasters – floods and droughts – hinge on water.

Organizers hope the campus initiative will help lead to new breakthroughs in water research and enhance work among departments touching not just the sciences, but also the arts and humanities. Goals include developing new courses, events and programs, film screenings, lectures, speaker series and performing arts pieces. Alumni, parents, friends, the community and the public are invited to share ideas. Refer to <http://watertheme.unc.edu/>.



Associate Professor Rachel Noble of the UNC Institute of Marine Sciences takes water samples at a beach near Morehead City. Since the 1940s, UNC scientists at the institute have served North Carolina by addressing important questions related to the nature, use, development, protection and enhancement of coastal marine resources. The institute is among the many diverse UNC-Chapel Hill departments and units conducting water-related research.

Faculty Conduct Life-Changing Research

Carolina long has ranked among the top U.S. public universities in research support. Faculty attracted more than \$767 million in total research grants and contracts in fiscal 2012 for research that is helping to cure diseases and produce new knowledge to help people. Excluding federal stimulus support, research funding totaled \$759 million in that category, compared with \$732 million last year.

The steady growth of research funding over the past 15 years is a great tribute to the success of the faculty and a multidisciplinary approach to advancing knowledge and science. Carolina faculty are part of an internationally

recognized research enterprise that draws from five health sciences schools (dentistry, medicine, nursing, pharmacy and public health), UNC Health Care and its teaching hospitals, as well as basic and social science units in the College of Arts and Sciences and other professional schools.

UNC-Chapel Hill rose to 9th from 16th among leading private and public research universities for the level of federal funding (\$545.99 million) devoted to research and development in all fields during fiscal 2010 (the most recent year for which results are available). This ranking was based on data compiled by the National Science Foundation. Carolina has

gained 10 spots in the national top 25 list since 2008. Overall, UNC-Chapel Hill ranked 15th for research and development expenditures (\$755.28 million) from all sources in fiscal 2010.

Scott Singleton's (left) research program is sponsored by the National Institutes of Health. In fiscal 2012, UNC-Chapel Hill received 871 awards from the NIH totaling \$368 million. In NIH funding, UNC ranks 12th among public and private universities and seventh among public universities.



UNC-led HIV Prevention Study Named 'Breakthrough of the Year'



The journal *Science*, published by the American Association for the Advancement of Science, named an UNC-led HIV prevention study the 2011 Breakthrough of the Year. Professor Myron Cohen led the international study, which journal editors say “galvanized efforts to end the world’s AIDS epidemic in a way that would have been inconceivable even a year ago.” The study, conducted in multiple countries, evaluated whether antiretroviral drugs can prevent sexual transmission of HIV among couples in which one partner has HIV and the other does not. The research found that early treatment with antiretroviral therapy reduced HIV transmission in couples by at least 96 percent. The study provided proof of a concept developed at UNC more than 20 years in the making.

The study led by Professor Myron Cohen (above) “is a remarkable example of clinical research ... that informs public health policy.”

Genome Sciences Building Fosters Collaborations

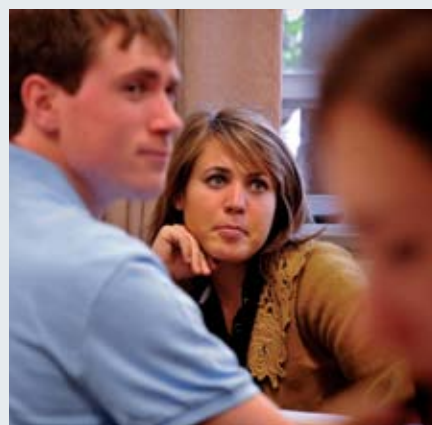
On University Day, Oct. 12, 2012, the University dedicated the Genome Sciences Building, which fosters collaborations at the intersection of basic sciences, information and library science and health affairs. Any UNC scientist can now use the latest technologies to analyze whole genomes, from microbes

and viruses to plants and humans. The building is designed to engage students of every level from both the sciences and humanities. It's a great step forward made possible in part by the N.C. General Assembly and another investment enabling faculty to compete for research dollars at the highest levels.



The Genome Sciences Building, which lies at the geographic center of campus, has an entire floor of rooftop greenhouses to support research in plant genomics (above). Jeff Dangel, a plant biologist, Vladimir Jojic, a computer scientist, and Surge Biswas, an undergraduate statistics major, collaborate on plant genomics research (left).

Carolina Records Second-Best Year for Private Gifts



The Koury Oral Health Sciences Building (left) was made possible by the General Assembly, the University and generous donors, especially Maurice Koury, Carolina Hosiery Mills Inc. president. Carolina graduates nearly 81 percent of undergraduates (above) in four years.

Carolina received \$287.4 million in gifts from private donors in fiscal 2012. The total marked the University's second-best year in history and topped the previous fiscal year's total of \$277 million—then the second-highest total—by 4 percent.

Commitments also rose for fiscal 2012, to \$331.4 million from \$305.6 million for an 8 percent increase. The commitments total was the University's third-best ever and marked the second straight year to exceed \$300 million.

Examples of gifts and commitments from fiscal 2012 include:

- A \$2.5 million gift from Fred Eshelman will expand the Eshelman School of Pharmacy's research programs and help transform the classroom experience for pharmacy students. The gift brings Eshelman's total support for the school to more than \$35 million. Eshelman is the founder of Pharmaceutical Product Development Inc. and a 1972 graduate of the pharmacy school. The school was named for Eshelman in 2008.

- A \$1 million commitment from alumnus Nelson Schwab III, successful business executive and former chair of UNC's Board of Trustees, endowed the "Nelson Schwab 'Say Yes' Fund" in the Institute for the Arts and Humanities and will initially provide \$50,000 a year to benefit faculty in fine arts, humanities and humanistic social sciences departments within the College of Arts and Sciences. The funds will support teaching and scholarly activities, build morale, enable strategic planning or realize other goals or initiatives envisioned by department chairs.

- An \$850,000, three-year grant from The Duke Endowment will allow the UNC Center for Excellence in Community Mental Health in the School of Medicine to integrate primary care into its mental health-care programs for persons in Orange, Person and Chatham counties, creating a "health home" for those patients.

Commitments in 2012 also helped the University create nine endowed professorships, as well as a total of 95 undergraduate scholarships and graduate fellowships. Carolina had more than 78,000 donors for the year.

"Commitments in 2012 helped the University create nine endowed professorships, as well as 95 undergraduate scholarships and graduate fellowships. Carolina had more than 78,000 donors for the year."

Board of Trustees

June 30, 2012

Chancellor's Cabinet

June 30, 2012

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Chair, Raleigh, NC

Barbara Rosser Hyde
Vice Chair, Memphis, TN

Phillip L. Clay
Secretary, Cambridge, MA

W. Lowry Caudill
Durham, NC

Donald Williams Curtis
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Alston Gardner
Chapel Hill, NC

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Chapel Hill, NC

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John L. Townsend III
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Felicia A. Washington
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Will Leimenstoll
Ex-Officio, Chapel Hill, NC

Holden Thorp
Chancellor

Bruce W. Carney
Executive Vice Chancellor and Provost

Taffye B. Clayton
*Vice Provost for Diversity
and Multicultural Affairs*

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and Chief Information Officer*

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for University Relations*

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President, General Alumni Association

Barbara Entwisle
Vice Chancellor for Research

Stephen Farmer
*Vice Provost, Enrollment
and Undergraduate Admissions*

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Dean, College of Arts and Sciences

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*Vice Chancellor for Finance
and Administration*

Brenda W. Kirby
Secretary of the University

Matthew G. Kupec
*Vice Chancellor for
University Advancement*

Brenda Richardson Malone
Vice Chancellor for Human Resources

Ann E. Penn
Equal Opportunity/ADA Officer

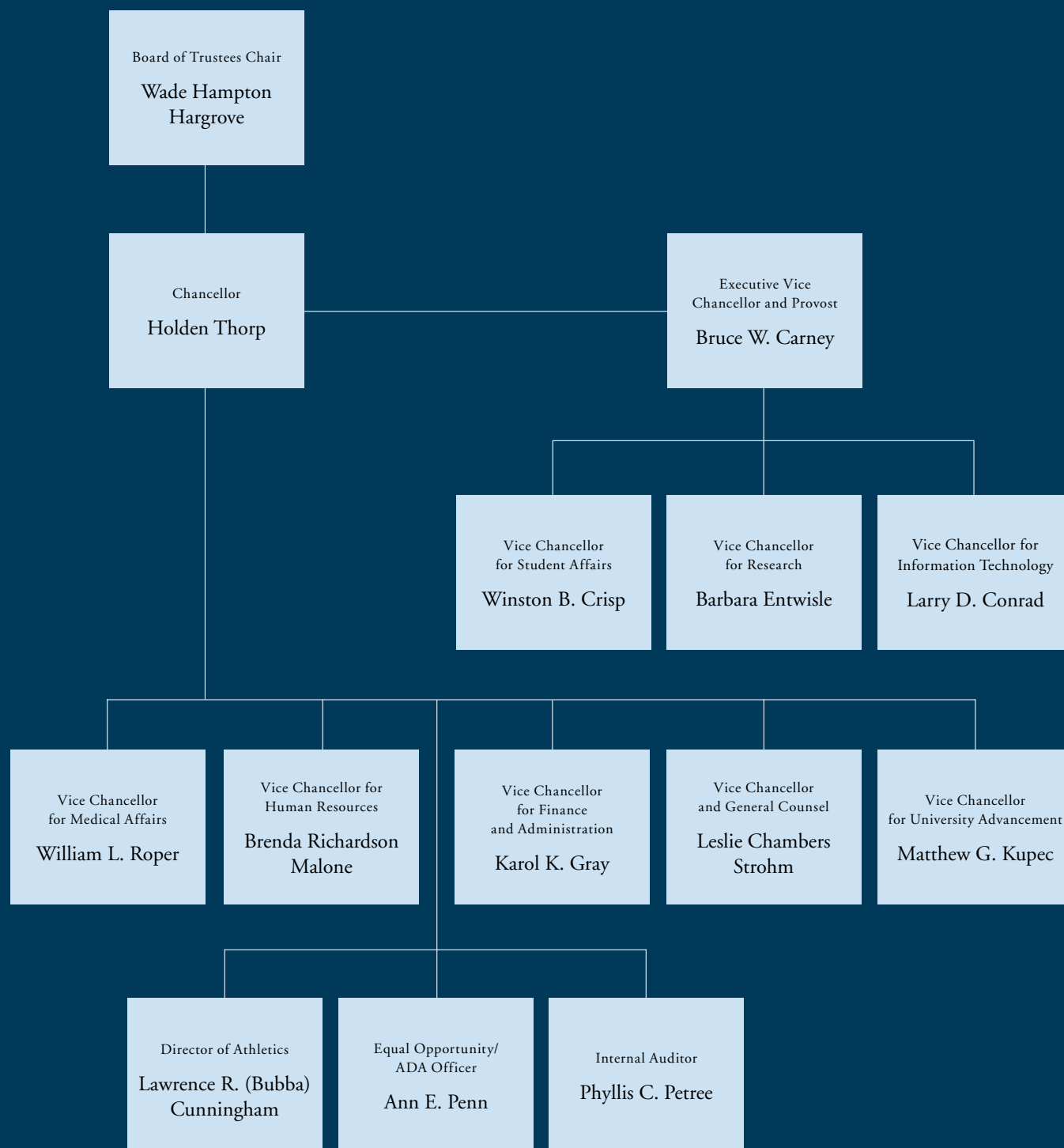
William L. Roper
*Vice Chancellor for Medical
Affairs and Dean, School of Medicine*

Erin M. Schuettelpelz
*Director of State Relations
and Communications*

Leslie Chambers Strohm
Vice Chancellor and General Counsel

Organization Chart

June 30, 2012



Financial Section







Beth A. Wood, CPA
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet
<http://www.ncauditor.net>

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The University of North Carolina at Chapel Hill
Chapel Hill, North Carolina

We have audited the accompanying financial statements of The University of North Carolina at Chapel Hill, a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, and its discretely presented component units, as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the UNC Investment Fund, LLC, which represents 42 percent, 58 percent, and 2 percent, respectively, of the assets, net assets, and revenues of the University; nor the financial statements of The Medical Foundation of North Carolina, Inc., The Educational Foundation Scholarship Endowment Trust, and University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc., the University's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the UNC Investment Fund, LLC, The Medical Foundation of North Carolina, Inc., The Educational Foundation Scholarship Endowment Trust, and University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of The University of North Carolina at Chapel Hill and its discretely presented component units as of June 30, 2012, and the respective changes in financial position and cash flows, where

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 19 to the financial statements, the University implemented Governmental Accounting Standards Board Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, during the year ended June 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The report on internal control and compliance has been issued under separate cover in the Financial Statement Audit Report of The University of North Carolina at Chapel Hill published by this office.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory and supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Beth A. Wood, CPA
State Auditor

December 3, 2012

Management's Discussion And Analysis (UNAUDITED)

INTRODUCTION

Management's Discussion and Analysis provides an overview of the financial position and activities of The University of North Carolina at Chapel Hill (the University) for the fiscal year that ended June 30, 2012, with comparative information for the fiscal year ended June 30, 2011. Management has prepared the discussion and analysis to be read in conjunction with the financial statements and accompanying notes to the financial statements.

The University is a constituent institution of the multi-campus University of North Carolina System (UNC System), a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report* (CAFR). The financial reporting entity for the financial statements is comprised of the University and ten component units. Seven component units are reported as if they were part of the University, and three are reported as discretely presented component units based on the nature and significance of their relationship to the University. The reader may refer to Note 1A for detailed information on the financial reporting entity.

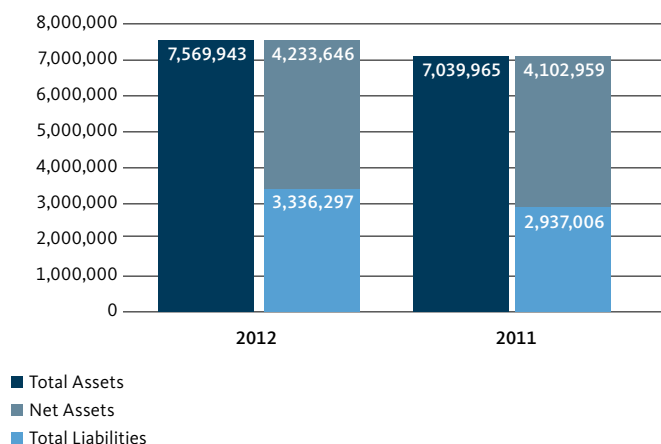
FINANCIAL HIGHLIGHTS

The University's financial position at June 30, 2012 remained solid as the University addressed a decline in State support and lower investment returns from the financial markets. Operating revenues recorded slightly higher increases than operating expenses. The University continued its efforts to streamline campus operations and provide more funding for academics and the University's core missions; to implement simpler, more responsive systems and processes that enable informed decision-making while complying with policies and laws; and to reduce bureaucracy and create a more satisfying work environment for faculty and staff. Necessary spending reductions and other measures to address shortfalls in resources were implemented.

The University's total assets were \$7.6 billion at June 30, 2012. Net assets, which represent the residual interest in the University's assets after deducting liabilities, were \$4.2 billion at June 30, 2012. The University's net assets increased by \$130.7 million in fiscal year 2011-2012 as a result of operating, non-operating, and other changes in net assets. A comparison of the total assets, liabilities, and net assets at June 30, 2012 and June 30, 2011, and a comparison of the major components of the changes in net assets for the two fiscal years are presented below:

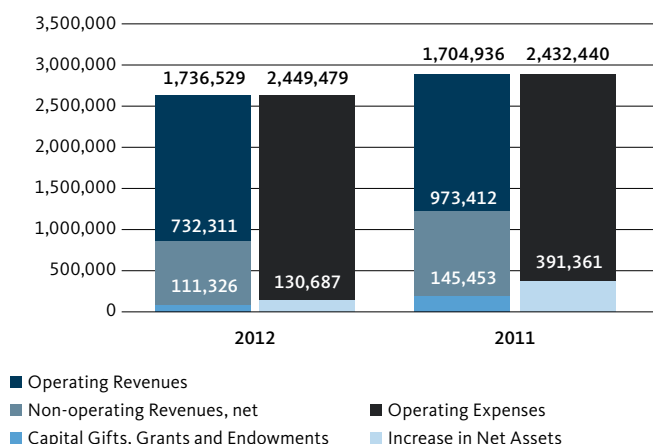
STATEMENT OF NET ASSETS

(DOLLARS IN THOUSANDS)



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

(DOLLARS IN THOUSANDS)



Net assets increased 3.2 percent at June 30, 2012 over the prior year. Total assets increased 7.5 percent from the prior year and total liabilities rose 13.6 percent for the same period. Operating revenues increased at a greater rate than operating expenses in fiscal year 2011-2012 over the prior year, 1.9 percent and 0.7 percent, respectively. Net non-operating revenues and expenses decreased 24.8 percent in fiscal year 2011-2012 over the prior year, reflecting the lower investment income and state appropriation sources. As a major research university, funding from contracts and grants remained a major revenue source. Fund raising for operational and capital needs, sales and services, and tuition and fees continued to provide important resources for the University.

USING THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The financial statements are presented on a consolidated basis to focus on the University as a whole. The full scope of the University's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

The University's CAFR includes the following three financial statements.

- *Statement of Net Assets*
- *Statement of Revenues, Expenses, and Changes in Net Assets*
- *Statement of Cash Flows*

Management's Discussion and Analysis provides information regarding the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

CONDENSED STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year, includes all assets and liabilities of the University and segregates the assets and liabilities into current and non-current components. The following table summarizes the University's assets, liabilities, and net assets on June 30, 2012 and June 30, 2011.

ASSETS, LIABILITIES, AND NET ASSETS

(DOLLARS IN THOUSANDS)

	2012	2011	Percent Change
Assets:			
Current assets	\$1,469,736	\$1,400,132	5.0
Non-current assets:			
Endowment, restricted and other investments	2,832,661	2,552,449	11.0
Capital assets, net	3,022,692	2,931,679	3.1
Other non-current assets	244,854	155,705	57.3
Total Assets	7,569,943	7,039,965	7.5
Liabilities:			
Current liabilities	437,747	404,803	8.1
Non-current liabilities:			
Funds held in trust for pool participants	1,455,473	1,179,704	23.4
Long-term liabilities	1,289,115	1,305,982	(1.3)
Other non-current liabilities	153,962	46,517	231.0
Total Liabilities	3,336,297	2,937,006	13.6
Net Assets:			
Invested in capital assets, net of related debt	1,645,959	1,587,446	3.7
Restricted	1,691,595	1,664,259	1.6
Unrestricted	896,092	851,254	5.3
Total Net Assets	\$4,233,646	\$4,102,959	3.2

Current Assets and Liabilities

The Statement of Net Assets shows that working capital, which is current assets less current liabilities, was \$1 billion at June 30, 2012, an increase of 3.7 percent, or \$36.7 million, over the previous year. The working capital increase results from many factors. The largest changes were increases in cash and cash equivalents and in short-term investments for \$66.7 and \$49.3 million, respectively; offset by an increase in short-term debt of \$59 million. The Statement of Net Assets details the current asset and current liability categories.

Endowment, Restricted and Other Investments

Endowment investments increased 0.4 percent during 2011-2012 and were \$1.38 billion at June 30, 2012 and \$1.37 billion at June 30, 2011, and include permanent endowments, funds internally designated as endowments and similar funds such as gift annuities and charitable trusts.

The endowment assets are invested with The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund or CHIF), which is reported as a governmental external investment pool in the financial statements. The Chapel Hill Investment Fund is a

501(c)(3) non-profit corporation established to support the University by operating an investment pool for charitable, non-profit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. It is expected that all or substantially all of the assets of the Chapel Hill Investment Fund will be invested in the UNC Investment Fund, LLC (UNC Investment Fund or UNCIF).

Most of the University's endowment assets are currently invested in Chapel Hill Investment Fund, and CHIF's investment returns are generated from its participation in the UNC Investment Fund. The investment objective is to earn a long-term real rate of return of approximately 5.5 percent. This objective is intended to support the Chapel Hill Investment Fund's distribution policy providing 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 for the Chapel Hill Investment Fund is set periodically at 5 percent of its average market value for the previous fiscal year. Each year's distribution is subject to a 4 percent floor and a 7 percent cap based on the previous fiscal year-end market value.

Restricted investments of \$1.43 billion at June 30, 2012 include funds of affiliated entities that are neither part of the University's reporting entity nor reported discretely but invested through UNCIF. Other investments include bond reserves and related funds of \$27.6 million.

As reported by UNC Management Company, Inc. (Management Company), the manager of the UNC Investment Fund, the endowment assets invested in the UNC Investment Fund recorded a 2.1% return for fiscal year 2011-2012, reflecting the general weakness in global financial markets. The UNC Investment Fund's 2.1% return ranked in the top quartile within the BNY Mellon universe of 223 endowment and foundation (E&F Universe) funds for the fiscal year. UNCIF's primary investment benchmark, the Strategic Investment Policy Portfolio (SIPP), gained 4.7% in fiscal year 2011-2012. UNCIF significantly outperformed the 3.1% loss generated by the Global 70/30 (stock/bond) Index for fiscal year 2011-2012. The past five-year period has been characterized by extreme volatility within financial markets reflecting the financial crisis of 2008-2009 and the ensuing period best described as a post credit bubble deleveraging. Reflecting these difficult conditions, the median five-year annualized return in the BNY Mellon E&F Universe was 1.5% and the top quartile return was 2.4%. The Global 70/30 Index produced a 0.9% return for the 5-year period. In this context, the UNCIF 1.8% five-year return was acceptable from a relative perspective, despite falling short of the long-term objective of a 5.5% return after inflation.

The UNCIF's ten-year annualized return of 8.3% ranks in the top quartile of the BNY Mellon E&F Universe, is attractive relative to financial market indices, and has surpassed the long-term objective of 5.5% plus inflation. The Global 70/30 Index generated an annualized return of 6.5% over the same ten-year period.

A policy for the University Statutory Endowment (established pursuant to *North Carolina General Statute* 116-36) addresses the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Consistent with the procedures for implementing UPMIFA, the recommended distribution of earnings excluded any invasion of principal. Therefore, the distribution for fiscal year 2011-2012 was reduced by a total of \$3.4 million, or 6 percent, from the calculated distribution of earnings. The policy indicates that campus departments 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 for program support. Invasion of endowment principal is an option of last resort and will only be done consistent with approved limitations to preserve the endowment principal's value.

Capital Assets and Debt Management

The University completed a comprehensive capital improvement program that renewed existing campus buildings, provided significant upgrades in campus infrastructure (utilities, parking, telecommunications), and expanded capacity of academic and research activities, and student life facilities. The State provided \$515 million for the program, in addition to University-issued debt of approximately \$1.05 billion. Moving forward through 2017, the University plans to issue an additional \$525 million (approximate) in debt, including the 2012AB Bonds. These funds will support continuing capital needs that are funded from a variety of sources, including debt.

Carolina North (formerly known as the Horace Williams property) is an approximately 963 acre parcel of land about 1.5 miles from the main campus of the University. Plans for this project have evolved since planning began in 1995. On September 26, 2007, the Board of Trustees approved a plan for development of 250 acres. On July 1, 2009, the University and the Town of Chapel Hill entered into a Development Agreement with a 20-year term allowing for up to 3 million square feet of development on 133 acres of the Carolina North Tract. Planning for the initial projects, the Collaborative Science Building, and supporting infrastructure, is under way.

Carolina North will be a living and learning community that will include teaching, office and research space for Univer-

sity uses, corporate space in partnership with University activities, service and retail facilities and housing. It is envisioned that development will occur in phases. Each phase will consist of mixed uses creating a community, with each community being integrated into the previous phases. Full development of Carolina North is expected to take at least 50 years and will proceed as demand for space and resources permit. While it is anticipated that a variety of funding sources will be utilized for Carolina North, a comprehensive financing plan for Carolina North has not yet been developed.

A summary of changes in capital assets is disclosed in Note 5. Capital assets, net of accumulated depreciation and amortization, at June 30, 2012 and June 30, 2011, were as follows:

CAPITAL ASSETS

(DOLLARS IN THOUSANDS)

	2012	2011	Percent Change
<i>Capital Assets</i>			
Construction in progress	\$219,371	\$316,011	(30.6)
Land and other non-depreciable assets	170,112	156,431	8.7
Buildings	1,831,488	1,645,672	11.3
General infrastructure	571,015	582,516	(2.0)
Machinery, equipment, and computer software	230,706	231,049	(0.1)
Total	\$3,022,692	\$2,931,679	3.1

The University continues to use its commercial paper program to provide low-cost bridge financing for capital projects until gifts are received or in anticipation of an external bond issue. Commercial paper debt was \$132.7 million at June 30, 2012 and \$73.7 million at June 30, 2011. The Board of Governors of the University of North Carolina System issued General Revenue Bonds 2012AB in the amount of \$200 million during July, 2012 on behalf of the University to refund \$120 million of outstanding commercial paper and to provide additional funds of \$80 million for capital projects.

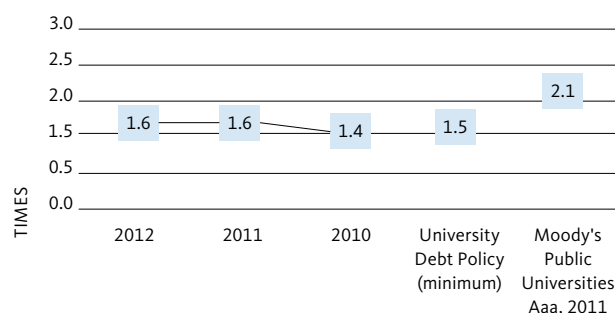
The University maintains a combination of variable and fixed rate debt, consistent with its debt management policy. The interest rate on the commercial paper program for fiscal year 2011-2012 was 0.15 percent and for 2010-2011 was 0.25 percent. Interest rates on the University's variable rate, long-term bonds were 0.09 percent for fiscal year 2011-2012 and 0.20 percent for fiscal year 2010-2011. Interest rates on fixed rate, long-term bonds are disclosed in Note 8B of the financial statements. These rates reflect direct interest rates and do not reflect any impact from the interest rate swaps as referenced in Note 9.

The University's debt policy uses two key ratios to

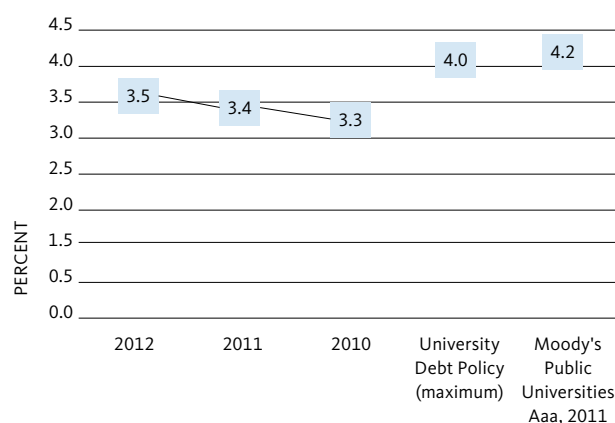
measure debt capacity, financial health, and credit quality. The *expendable resources to debt ratio* measures unrestricted, expendable restricted, and temporarily restricted net assets to funded debt and serves as a relative indicator of financial health or cushion. The *debt service to operations ratio* provides an indicator of the University's ability to repay annual principal and interest relative to its overall operating expenses. Each ratio is compared to the University's debt policy standard and the appropriate peer group comparison for fiscal year 2010-2011 (the latest available numbers). At June 30, 2012, the *expendable resources to debt ratio* was 1.6 times, and the *debt service to operations ratio* was 3.5 percent.

The Summary of Ratios, as included in the Statistical Section, includes the actual measures for both of these ratios, as well as other ratios, for the last ten fiscal years. The University continues to maintain its long-term bond ratings of Aaa/AA+/AAA from Moody's Investor Services, Standard & Poor's and Fitch Ratings, respectively.

EXPENDABLE RESOURCES TO DEBT



DEBT SERVICE TO OPERATIONS



Other Non-current Assets and Liabilities

Other non-current assets were \$244.9 million at June 30, 2012 and \$155.7 million at June 30, 2011, a 57.3 percent increase. The majority of the increase is due to a negative \$89

million fair value of a new interest rate swap agreement with the Bank of New York Mellon. This resulted in an increase in deferred outflow of resources which is offset by a corresponding increase in the non-current hedging derivative liability. Net assets were not affected.

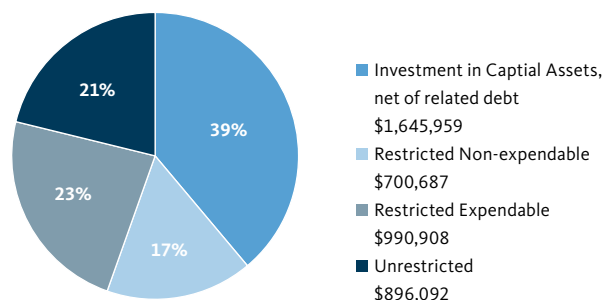
Non-current liabilities were \$2.9 billion at June 30, 2012 and \$2.5 billion at June 30, 2011, and include funds held in trust for the University's affiliated foundations and other campuses in the UNC System and their affiliates of \$1.5 billion and \$1.2 billion, respectively. These entities are not part of the University's financial reporting entity and are not discretely presented, but the entities do invest through the UNC Investment Fund. The increase in funds held in trust of 23.4 percent over the prior year resulted from additional participant contributions, new participants in the UNC Investment Fund, and net investment gains.

Net Assets

Net assets represent the value of the University's assets after liabilities are deducted. The University's net assets were \$4.2 billion at June 30, 2012, an increase of \$130.7 million over the prior year. Net assets invested in capital assets, net of related debt, represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included. Non-expendable restricted net assets include endowment and similar assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity. Expendable restricted net assets include resources in which the University is legally obligated to spend the resources in accordance with restrictions provided by external parties. Unrestricted net assets are not subject to externally imposed stipulations; however, most of these resources have been designated for particular academic, research, or other programs, as well as capital projects.

2012 NET ASSETS: \$4,233,646

(IN THOUSANDS)



CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statements of Revenues, Expenses, and Changes in Net Assets present the University's results of operations. The statements for the fiscal year ended June 30, 2012 and the prior year are summarized as follows:

UNIVERSITY OPERATIONS

(DOLLARS IN THOUSANDS)

	2012	2011	Percent Change
<i>Operating Revenues:</i>			
Student tuition and fees, net	\$320,535	\$289,897	10.6
Grants and contracts	725,846	755,620	(3.9)
Sales and services, net	681,151	653,741	4.2
Other	8,997	5,678	58.5
Total Operating Revenues	1,736,529	1,704,936	1.9
Operating Expenses	2,449,479	2,432,440	0.7
Operating Loss	(712,950)	(727,504)	(2.0)
<i>Non-operating Revenues (Expenses):</i>			
State appropriations and state aid	486,492	534,678	(9.0)
Non-capital gifts and grants	280,785	287,712	(2.4)
Investment income	33,134	208,184	(84.1)
Interest and fees on debt	(64,321)	(56,765)	13.3
Federal interest subsidy on debt	2,274	2,273	0.0
Other net non-operating expenses	(6,053)	(2,670)	126.7
Income Before Other Changes	19,361	245,908	(92.1)
Refund of prior years capital appropriations	0	(81)	(100.0)
Capital grants	78,133	91,864	(14.9)
Capital gifts	5,630	9,149	(38.5)
Additions to permanent endowments	27,563	44,521	(38.1)
Increase in Net Assets	130,687	391,361	(66.6)
Net Assets – July 1	4,102,959	3,711,598	10.5
Net Assets – June 30	\$4,233,646	\$4,102,959	3.2

Fiscal year 2011-2012 revenues and other changes total \$2,650,540 and expenses total \$2,519,853.

Fiscal year 2010-2011 revenues and other changes total \$2,883,317 and expenses total \$2,491,956.

Operating Revenues

The operating revenues represent resources generated by the University in fulfilling its instruction, research, and public

service missions. Student tuition and fees are reported net of the scholarship discount, which was \$75.7 million for fiscal year 2011-2012 and \$72.7 million for the prior year. Net revenues from student tuition and fees increased 10.6 percent over the prior year. Tuition rates increased for fiscal year 2011-2012 by 6.5 percent for undergraduate residents, undergraduate non-residents, graduate residents, and also for graduate non-residents.

Revenues from operating and non-operating grants and contracts decreased 4.5 percent over the prior year. Discussion of grants and contracts in terms of awards provides another useful perspective. The University is among the nation's leading public research universities, with a diversified portfolio of research. In fiscal year 2011-2012, the University secured \$767 million in total research funding from all sources. Excluding federal stimulus support, research funding totaled \$759 million in that category, compared with \$732 million for fiscal year 2010-2011. In fiscal year 2010-2011, the University attracted \$788 million in total research support. Of that amount, 73 percent came from the federal government. Of the \$575 million in total federal funding, the National Institutes of Health accounted for 69 percent.

The University rose to ninth from 16th among leading private and public research universities for the level of federal funding devoted to research and development in all fields during fiscal year 2010, the latest information available. The ranking is based on data compiled by the National Science Foundation. Among national public universities, the University ranked fourth in federal research and development spending.

In many cases, researchers from multiple University schools, departments and units collaborate on research grants, contracts and studies. That approach reflects the University's emphasis on interdisciplinary teaching and scholarship between and among the health, natural and social sciences, as well as the liberal arts and the humanities.

Sales and services include the revenues of campus auxiliary operations such as student housing, student stores, student health services, the utilities system, and parking and transportation, as well as revenues from patient services provided by the professional health-care clinics. Other revenues represent operating resources not separately identified and include, for example, an assessment to the Chapel Hill Investment Fund to support University administrative services.

Operating Expenses

The University's operating expenses were \$2.4 billion for the fiscal year ended June 30, 2012, an increase of 0.7 percent over the prior year. The operating expenses are reported by

natural classification in the financial statements and by functional classification in Note 12. The following tables illustrate the University's operating expenses by natural classification and by functional classification.

OPERATING EXPENSES BY NATURE

(DOLLARS IN THOUSANDS)

	2012	2011	Percent Change
Salaries and benefits	\$1,375,758	\$1,379,178	(0.2)
Supplies and materials	164,899	162,999	1.2
Services	617,589	614,928	0.4
Scholarships and fellowships	96,871	91,140	6.3
Utilities	80,832	81,471	(0.8)
Depreciation and amortization	113,530	102,724	10.5
Total Operating Expenses	\$2,449,479	\$2,432,440	0.7

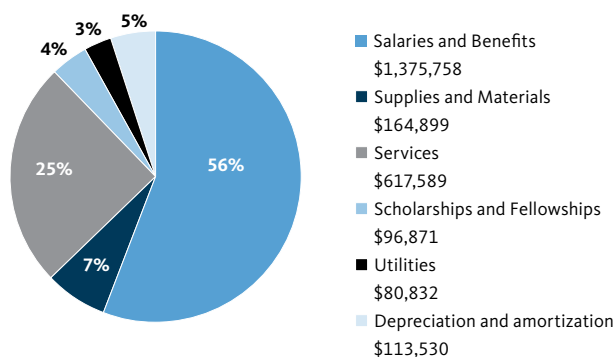
OPERATING EXPENSES BY FUNCTION

(DOLLARS IN THOUSANDS)

	2012	2011	Percent Change
Instruction	\$682,857	\$698,770	(2.3)
Research	472,102	468,685	0.7
Public service	122,989	137,279	(10.4)
Academic support	111,719	105,883	5.5
Student services	25,992	28,320	(8.2)
Institutional support	84,400	91,558	(7.8)
Operations and maintenance of plant	140,417	145,270	(3.3)
Student financial aid	96,871	91,140	6.3
Auxiliary enterprises	598,602	562,811	6.4
Depreciation and amortization	113,530	102,724	10.5
Total Operating Expenses	\$2,449,479	\$2,432,440	0.7

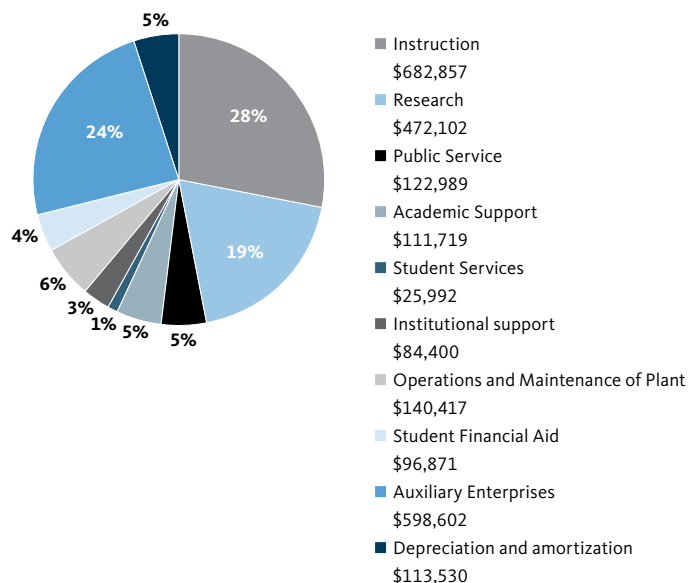
The following graph illustrates the University's operating expenses by natural classification.

2012 OPERATING EXPENSES BY NATURE: \$2,449,479
(IN THOUSANDS)



The following graph illustrates the University's operating expenses by function.

2012 OPERATING EXPENSES BY FUNCTION: \$2,449,479
(IN THOUSANDS)



Operating expense categories changed at varying rates, although the overall rate of increase was 0.7 percent. Depreciation and amortization increased 10.5 percent as capital construction projects are completed and placed into service, and scholarships and fellowships increased 6.3 percent. The other operating expense categories by natural classification incurred minimal changes. Operating expenses by functional

classification recorded the same increases for depreciation and amortization and for student financial aid. Several functional classifications recorded decreases in operating expenses for fiscal year 2011-2012 from the prior year.

Non-operating Revenues and Expenses

State appropriations, non-capital gifts and grants, and investment income are considered non-operating because they were not generated by the University's principal, ongoing operations. For example, state appropriations were not generated by the University but were provided to help fund operating expenses.

State appropriations totaled \$486.5 million for fiscal year 2011-2012, a net decrease of 9 percent, or \$48.2 million, from the state appropriations and state aid of \$534.7 million received during the prior year. The level of state appropriations was reduced by \$100.8 million for fiscal year 2011-2012 as the State and nation continued to address the current economic challenges. The significant reduction was offset by an additional \$20 million transfer of funds in fiscal year 2011 from the UNC Health Care System to help the University and its School of Medicine absorb the reductions in appropriations. The reductions in state appropriations were also offset in part by increases for additional student enrollment, operating funds for new buildings, replacement of state aid funded by the American Recovery and Reinvestment Act, restoration of non-recurring budget reductions, and other needs. Since the downturn began, the University's top priority has been to protect the classroom experience of students as much as possible. Administrative departments have absorbed more reductions than academic units by design.

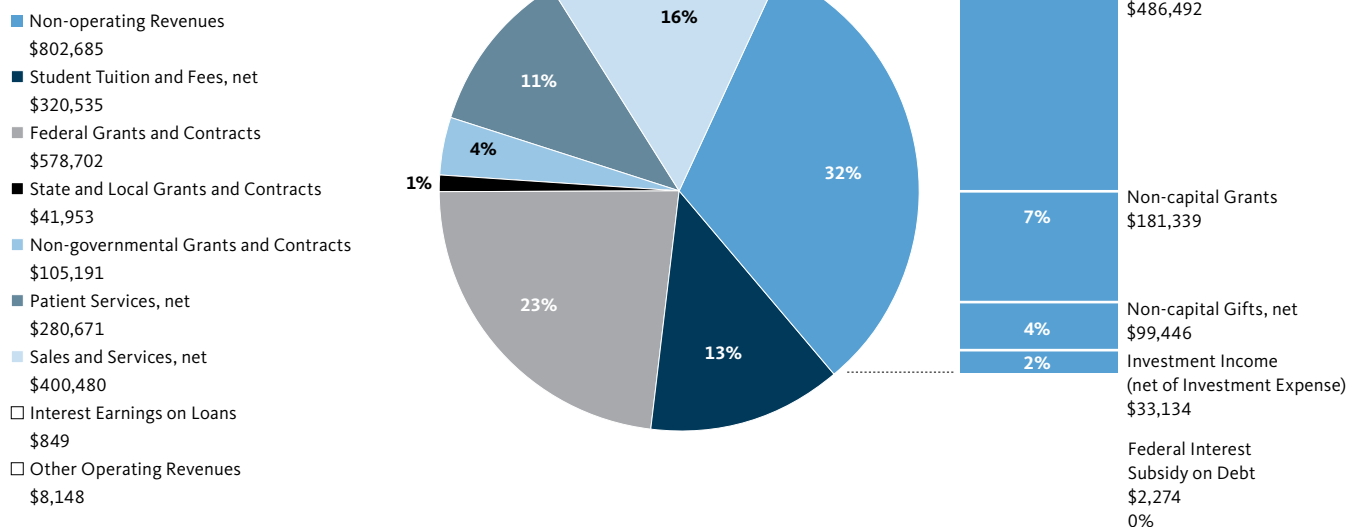
Non-capital gifts and grants decreased 2.4 percent to \$280.8 million and include expendable gifts and federal awards that are not considered to be operating revenues. Net investment income from fiscal year 2011-2012 of \$33.1 million, represents an 84.1 percent decrease from 2010-11, and includes income and realized and unrealized gains and is net of realized and unrealized losses and investment management fees. For additional discussion, the reader may refer to the Endowment and Other Investments section of Management's Discussion and Analysis.

Total Operating and Non-operating Revenues

Operating and non-operating revenues such as state appropriations, non-capital grants, non-capital gifts, and investment income are used to fund University operations. The following chart illustrates the University's operating and non-operating revenues, which total \$2.5 billion for fiscal year 2011-12.

2012 TOTAL REVENUES BY SOURCE: \$2,539,214

(IN THOUSANDS)



Other Changes in Net Assets

Capital grants of \$78.1 million for fiscal year 2011-2012 and \$91.9 million for fiscal year 2010-2011 are for capital construction projects. Capital gifts of \$5.6 million for fiscal year 2011-2012 and \$9.1 million for the prior year resulted from fund-raising efforts and also provided funding for construction projects. Non-expendable gifts and funds from the state's program to match gifts for distinguished professorship endowments resulted in additions to permanent endowments of \$27.6 million during fiscal year 2011-2012 and \$44.5 million during fiscal year 2010-2011.

ECONOMIC OUTLOOK

The fiscal year 2012-2013 state appropriations budget of \$512.7 million is fair and sensitive to the highest priority needs of the University. The state appropriations budget provides stability with no significant new reductions. A salary increase, the first in four fiscal years, of 1.2 percent for faculty and staff was a positive indicator for the state appropriations budget.

The University will retain the tuition increases previously approved by the UNC System Board of Governors. Those funds will be particularly helpful in addressing campus priorities approved by the University Board of Trustees and the UNC System Board of Governors including need-based financial aid, retaining faculty who have received offers from other institutions, restoring courses eliminated through previous budget reductions, and graduate student aid. Tuition rates increased for fiscal year 2012-2013 by 13.6 percent for undergraduate residents, 6.5 percent for undergraduate non-residents and graduate non-residents, and 15.6 percent for graduate residents.

Stability and growth in sponsored awards is a proven and reliable source in support of the University's research mission. Philanthropic efforts continue to demonstrate success. Invested funds provide an important distribution of earnings and continued to rebound from previous declines in the global financial markets. The University's strong debt credit ratings of Aaa, AA+, and AAA allow it to obtain competitive financing for capital construction.

The University rose to ninth among leading private and public research universities for the level of federal funding devoted to research and development in all fields and secured \$767 million in total research funding from all sources in fiscal year 2011-12. Fund-raising has been a cornerstone resource for the University, and in a down economy becomes even more vital. The University received \$287.4 million in gifts from private donors in fiscal year 2011-2012. The total marked the University's second-best year in history and topped the previous fiscal year's total of \$277 million, then the second-highest total, by 4 percent. Commitments also rose for fiscal year 2011-2012 to \$331.4 million, an 8 percent increase over the previous year's total of \$305.6 million. Commitments include pledges as well as gifts. The University had more than 78,000 donors for the fiscal year 2011-2012.

The University's investment management operation is separately organized as the UNC Management Company, Inc. (Management Company), the non-profit corporation organized and operated as a 501(c)(3) entity, to provide investment management services and administrative services to the University and to the other campuses of the UNC System and their affiliated non-profit foundations as appropriate. As of June 30, 2012, the Management Company managed invested assets of \$3.2 billion in the UNC Investment Fund.

STATEMENT OF NET ASSETS

JUNE 30, 2012

Assets	
<i>Current Assets</i>	
Cash and cash equivalents	\$447,760,589
Restricted cash and cash equivalents	410,632,339
Short-term investments	272,573,649
Restricted short-term investments	107,714,956
Receivables, net (Note 4)	179,356,218
Due from State of North Carolina component units	25,089,383
Inventories	21,834,257
Notes receivable, net (Note 4)	4,311,364
Other assets	462,717
Total Current Assets	1,469,735,472
<i>Non-Current Assets</i>	
Restricted cash and cash equivalents	48,602,419
Receivables, net (Note 4)	28,572,795
Restricted due from primary government	1,504,019
Endowment investments	1,378,644,136
Restricted investments	1,426,443,281
Other investments	27,573,986
Deferred outflow of resources	122,894,974
Notes receivable, net (Note 4)	34,960,829
Investment in joint venture (Note 18)	8,318,917
Capital assets - non-depreciable (Note 5)	389,483,495
Capital assets - depreciable, net (Note 5)	2,633,208,557
Total non-current assets	6,100,207,408
Total assets	7,569,942,880

Liabilities	
<i>Current Liabilities</i>	
Accounts payable and accrued liabilities (Note 6)	132,285,498
Due to primary government	3,050
Due to State of North Carolina component units	14,472,157
Deposits payable	6,676,965
Funds held for others	1,179,722
Unearned revenue	41,778,064
Interest payable	11,943,353
Short-term debt (Note 7)	132,650,000
Long-term liabilities - current portion (Note 8)	96,758,860
Total current liabilities	437,747,669
<i>Non-Current Liabilities</i>	
U. S. government grants refundable	31,066,785
Funds held in trust for pool participants	1,455,472,565
Hedging derivative liability (Note 9)	122,894,974
Long-term liabilities (Note 8)	1,289,114,877
Total non-current liabilities	2,898,549,201
Total liabilities	3,336,296,870
Total assets less liabilities	\$4,233,646,010

Net Assets	
Invested in capital assets, net of related debt	\$1,645,958,688
<i>Restricted for Non-Expendable</i>	
Scholarships and fellowships	153,075,458
Research	18,647,063
Library acquisitions	29,237,867
Endowed professorships	320,307,262
Departmental uses	130,828,258
Loans	18,434,870
Other	30,156,322
Total non-expendable	700,687,100
<i>Expendable</i>	
Scholarships and fellowships	182,515,248
Research	14,129,673
Library acquisitions	47,173,643
Endowed professorships	308,715,215
Departmental uses	320,266,218
Instruction and educational agreements	9,684,624
Plant improvements	18,896,130
Capital projects	20,261,135
Debt service	69,266,480
Total expendable	990,908,366
Unrestricted	896,091,856
Total net assets	\$4,233,646,010

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenues	
<i>Operating Revenues</i>	
Student tuition and fees, net (Note 11)	\$320,535,342
Patient services, net (Note 11)	280,670,917
Federal grants and contracts	578,701,477
State and local grants and contracts	41,953,253
Non-governmental grants and contracts	105,191,402
Sales and services, net (Note 11)	400,479,549
Interest earnings on loans	849,473
Other operating revenues	8,147,655
Total operating revenues	1,736,529,068
Expenses	
<i>Operating Expenses</i>	
Salaries and benefits	1,375,757,987
Supplies and materials	164,899,338
Services	617,589,458
Scholarships and fellowships	96,870,511
Utilities	80,831,565
Depreciation and amortization	113,529,873
Total operating expenses	2,449,478,732
Operating loss	(712,949,664)
Non-Operating Revenues (Expenses)	
State appropriations	486,492,294
Non-capital grants -- student financial aid	17,898,888
Other non-capital grants	163,440,317
Non-capital gifts, net (Note 11)	99,445,647
Investment income (net of investment expense of \$4,033,274)	33,133,817
Interest and fees on debt	(64,321,547)
Federal interest subsidy on debt	2,273,604
Other non-operating expenses	(6,052,699)
Net non-operating revenues	732,310,321
Income before other revenues, expenses, gains, or losses	19,360,657
Capital grants	78,133,274
Capital gifts	5,630,001
Additions to endowments	27,563,546
Increase in net assets	130,687,478
Net Assets	
Net assets - July 1, 2011	4,102,958,532
Net assets - June 30, 2012	\$4,233,646,010

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities	
Received from customers	\$1,738,242,625
Payments to employees and fringe benefits	(1,395,770,586)
Payments to vendors and suppliers	(864,945,296)
Payments for scholarships and fellowships	(96,870,511)
Loans issued	(6,599,109)
Collection of loans	5,818,377
Interest earned on loans	760,732
Other receipts	11,186,546
Net cash used by operating activities	(608,177,222)
Cash Flows from Non-Capital Financing Activities	
State appropriations	486,492,294
Non-capital grants - student financial aid	17,878,065
Other non-capital grants	157,713,272
Non-capital gifts	104,571,405
Additions to endowments	27,563,546
William D. Ford direct lending receipts	164,418,997
William D. Ford direct lending disbursements	(162,629,075)
Related activity agency receipts	565,990,897
Related activity agency disbursements	(272,641,482)
Net cash provided by non-capital financing activities	1,089,357,919
Cash Flows from Capital Financing and Related Financing Activities	
Proceeds from capital debt	95,911,896
Capital grants	78,724,690
Capital gifts	3,267,517
Acquisition and construction of capital assets	(205,964,812)
Principal paid on capital debt and leases	(67,247,467)
Interest and fees paid on capital debt and leases	(58,903,013)
Federal interest subsidy on debt received	2,273,604
Net cash used by capital financing and related financing activities	(151,937,585)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	3,172,166,687
Investment income	66,345,498
Purchase of investments and related fees	(3,548,460,622)
Net cash used by investing activities	(309,948,437)
Net increase in cash and cash equivalents	19,294,675
Cash and cash equivalents, July 1, 2011	887,700,672
Cash and cash equivalents, June 30, 2012	\$906,995,347

The accompanying notes to the financial statements are an integral part of this statement.

Reconciliation of Net Operating Expenses to Net Cash Used by Operating Activities	
Operating loss	(\$712,949,664)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities</i>	
Depreciation and amortization expense	113,529,873
Allowances and write-offs	4,212,415
<i>Changes in assets and liabilities:</i>	
Receivables, net	21,890,941
Inventories	(1,013,417)
Notes receivable, net	(786,943)
Other assets	(222,723)
Accounts payable and accrued liabilities	(14,707,106)
Due to primary government	(9,550,206)
U.S. government grants refundable	81,260
Unearned revenue	(8,305,155)
Compensated absences	(356,497)
Net cash used by operating activities	(\$608,177,222)

Non-Cash Investing, Capital, and Financing Activities	
Assets acquired through a gift	\$2,362,484
Change in fair value of investments	(\$33,030,974)
Loss on disposal of capital assets	(\$4,025,489)

Reconciliation of Cash and Cash Equivalents	
<i>Current assets:</i>	
Cash and cash equivalents	\$447,760,589
Restricted cash and cash equivalents	410,632,339
<i>Non-current assets:</i>	
Restricted cash and cash equivalents	48,602,419
Total cash and cash equivalents - June 30, 2012	\$906,995,347

The accompanying notes to the financial statements are an integral part of this statement.

COMPONENT UNITS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS	UNC-CH Arts and Sciences Foundation, Inc.	The Educational Foundation Scholarship Endowment Trust	The Medical Foundation of North Carolina, Inc
<i>Current assets</i>			
Cash and cash equivalents	\$12,971,871	\$10,946,509	\$48,950,742
Promises to give, net	3,732,450	2,940,447	1,589,646
Accounts receivable	73,046		
Funds held in trust	1,333,566		
Contributions receivable from split-interest agreements		3,171,158	
Investments		168,513,595	
Other current assets			598,743
Total current assets	18,110,933	185,571,709	51,139,131
<i>Property and equipment</i>			
Building			562,178
Vehicle	26,422		28,011
Furniture and equipment	595,729		418,098
Leasehold interest - building	3,750,483		
Allowance for depreciation	(1,152,200)		(505,868)
Total property and equipment	3,220,434		502,419
<i>Other assets</i>			
Investments	145,189,682		152,862,928
Promises to give, net	8,224,318		5,225,679
Split-interest agreements	1,730,700		
Cash surrender value of life insurance		1,875,756	
Other assets			3,688,445
Total other assets	155,144,700	1,875,756	161,777,052
Total non-current assets	158,365,134	1,875,756	162,279,471
Total assets	\$176,476,067	\$187,447,465	\$213,418,602
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable	\$9,847		
Accrued expenses	151,275		
Annuities payable		\$66,865	
Accounts payable and accrued expenses			\$334,083
Agency payable			327,092
Total current liabilities	161,122	66,865	661,175
<i>Long-term liabilities</i>			
Debt	625,000		
Charitable remainder trusts			29,265
Total long-term liabilities	625,000		29,265
Total liabilities	786,122	66,865	690,440
<i>Net assets</i>			
Unrestricted	27,835,238		7,815,535
Temporarily restricted	59,730,411	80,308,678	129,816,551
Permanently restricted	88,124,296	107,071,922	75,096,076
Total net assets	175,689,945	187,380,600	212,728,162
Total liabilities and net assets	\$176,476,067	\$187,447,465	\$213,418,602

The accompanying notes to the financial statements are an integral part of this statement.

COMPONENT UNITS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	UNC-CH Arts and Sciences Foundation, Inc.	The Educational Foundation Scholarship Endowment Trust	The Medical Foundation of North Carolina, Inc
Support and Revenue			
<i>Support</i>			
Contributions	\$8,581,117	\$2,480,882	\$12,851,464
Development assessment fee	2,228,579		
Change in value of split-interest agreements	(670,600)		274,929
Contributed services and facilities	82,675		1,584,926
Actuarial adjustment of annuities payable		25,933	
Endowment investment return designated for current operations		8,925,363	
Total support	10,221,771	11,432,178	14,711,319
<i>Revenue</i>			
Interest and dividends			2,509,271
Net unrealized and realized gains on investments	1,870,462		956,778
Investment income	1,864,033		
Gain on sale of asset			11,746
Other income	14,563		880,398
Total revenue	3,749,058		4,358,193
Total support and revenue	13,970,829	11,432,178	19,069,512
Expenses			
<i>Program services</i>			
Grants	8,591,350		15,697,278
Scholarship expense distribution		8,917,172	
Annuity payments		8,191	
Other expense/loss		530,067	
Total program services	8,591,350	9,455,430	15,697,278
<i>Supporting services</i>			
Fundraising expenses	2,490,119		3,891,340
Management, administrative, general	1,047,328		2,149,778
Total supporting services	3,537,447		6,041,118
Total expenses	12,128,797	9,455,430	21,738,396
Bad debt expense (recovery)	505,910		
Total expenses and bad debt expense (recovery)	12,634,707	9,455,430	21,738,396
Changes in Nets Assets from Operations	1,336,122	1,976,748	(2,668,884)
Other Changes			
Endowment investment return, net of amounts designated for current operations		(5,568,902)	
Change in Net Assets			
Unrestricted	649,282		(2,892,599)
Temporarily restricted	(2,682,812)	(5,542,969)	(753,119)
Permanently restricted	3,369,652	1,950,815	976,834
Total change in net assets	1,336,122	(3,592,154)	(2,668,884)
Net Assets -- Beginning of Year	174,353,823	190,972,754	215,397,046
Net Assets -- End of Year	\$175,689,945	\$187,380,600	\$212,728,162

The accompanying notes to the financial statements are an integral part of this statement.

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Note 1. Significant Accounting Policies

A FINANCIAL REPORTING ENTITY

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The University of North Carolina at Chapel Hill (University) is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds belonging to the University and its component units. While the Board of Governors of the University of North Carolina System has ultimate responsibility, the chancellor, the Board of Trustees, and the Board of Trustees of the Endowment Fund have delegated responsibilities for financial accountability of the University's funds. The University's component units are either blended or discretely presented in the University's financial statements. The blended component units, although legally separate, are, in substance, part of the University's operations and therefore, are reported as if they were part of the University. Discretely presented component units' financial data are reported in separate financial statements because of their use of different GAAP reporting models and to emphasize their legal separateness.

Blended Component Units - Although legally separate, The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund), UNC Investment Fund, LLC (UNC Investment Fund), UNC Management Company, Inc. (Management Company), The University of North Carolina at Chapel Hill Foundation, Inc. (UNC-Chapel Hill Foundation), The Kenan-Flagler Business School Foundation (Business School Foundation), U.N.C. Law Foundation, Inc. (Law Foundation), and The University of North Carolina at Chapel Hill School of Education Foundation, Inc. (School of Education Foundation), component units of the University, are reported as if they were part of the University.

The Chapel Hill Investment Fund is governed by a board consisting of 11 ex-officio directors and two to four elected directors. Ex-officio directors include all of the members of the Board of Trustees of the Endowment Fund of the University, which includes the chairman of the University

Board of Trustees and the chancellor, the vice chancellor for finance and administration, and the vice chancellor for university advancement. The UNC-Chapel Hill Foundation Board may, in its discretion, elect one or two of its at-large members to the Chapel Hill Investment Fund Board. The ex-officio directors may elect one or two directors by unanimous written consent. The Chapel Hill Investment Fund supports the University by operating an investment fund for charitable, non-profit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. Because members of the Board of Directors of the Chapel Hill Investment Fund are officials or appointed by officials of the University and the Chapel Hill Investment Fund's primary purpose is to benefit the University and other organizations operated primarily to support the University, its financial statements have been blended with those of the University.

The UNC Investment Fund was organized by the Chapel Hill Investment Fund to allow the University, other constituent institutions of the University of North Carolina System (UNC System), affiliated foundations, associations, trusts, and endowments that support the University and the UNC System, to pool their resources and invest collectively in investment opportunities identified, structured and managed by the Management Company. The membership interests are offered only to government entities or tax-exempt organizations that are controlled by or support the University or UNC System. The Chapel Hill Investment Fund contributed and assigned all of its assets to the UNC Investment Fund effective January 1, 2003, in exchange for its membership interest in the UNC Investment Fund. Upon such contribution and assignment, and in consideration thereof, the UNC Investment Fund has assumed all liabilities and obligations of the Chapel Hill Investment Fund in respect of such contributed assets. At June 30, 2012, the Chapel Hill Investment Fund membership interest was approximately 67.4 percent of the UNC Investment Fund total membership interests. Because the Chapel Hill Investment Fund is the organizer and controlling member of the UNC Investment Fund, the financial statements of the UNC Investment Fund have been blended with those of the University.

The Management Company is a North Carolina non-profit corporation organized and operated exclusively to support the educational mission of the University. The Management Company provides investment management and administrative services to the University, UNC System, and institutions and affiliated tax-exempt organizations, and performs other functions for and generally carries out the purposes of the University. The Management Company is

governed by five ex-officio directors and one to three additional directors as fixed or changed from time to time by the board, elected by the ex-officio directors. The ex-officio directors consist of the chancellor, the vice chancellor for finance and administration, the chairman of the University Board of Trustees, the chairman of the Board of Directors of the Chapel Hill Investment Fund, and the president of the Management Company. Because members of the Board of Directors of the Management Company are officials or appointed by officials of the University and the Management Company's primary purpose is to benefit the University and other organizations operated primarily to support the University, its financial statements have been blended with those of the University.

The UNC-Chapel Hill Foundation is governed by a 17-member board consisting of nine ex-officio directors and eight elected directors. Ex-officio directors include the chairman of the University Board of Trustees, the chancellor, the vice chancellor for finance and administration, and the vice chancellor for university advancement (non-voting). In addition, the Board of Trustees elects two ex-officio directors from among its own members as well as three ex-officio directors from the Board of Trustees of the Endowment Fund who have not otherwise been selected. The eight remaining directors are elected as members of the UNC-Chapel Hill Foundation Board of Directors by action of the ex-officio directors. The UNC-Chapel Hill Foundation aids, supports, and promotes teaching, research, and service in the various educational, scientific, scholarly, professional, artistic, and creative endeavors of the University. Because members of the Board of Directors of the UNC-Chapel Hill Foundation are officials or appointed by officials of the University and the UNC-Chapel Hill Foundation's sole purpose is to benefit the University, its financial statements have been blended with those of the University.

The Business School Foundation is governed by a board consisting of four ex-officio directors and four or more elected directors. Ex-officio directors include the dean of the Kenan-Flagler Business School (Business School), as well as the school's chief financial officer, associate dean of academic affairs, and associate dean for MBA Programs. The remaining directors are elected to the Business School Foundation Board of Directors by action of the ex-officio directors. The Business School Foundation aids, promotes, and supports the Kenan-Flagler Business School at the University. Because members of the Board of Directors of the Business School Foundation are officials or appointed by officials of the University, the financial statements of the Business School Foundation have been blended with those of the University.

The Law Foundation is governed by a board consisting of one ex-officio director, six appointed directors, and six elected directors. The ex-officio director is the dean of the School of Law of the University. The ex-officio director appoints six directors and the Board of Directors of the Law Alumni Association of UNC, Inc. elects the other six directors. The Law Foundation provides support, fosters, and encourages the study and teaching of law at the University's Law School. Because a majority of the members of the Board of Directors of the Law Foundation are officials or appointed by officials of the University, the financial statements of the Law Foundation have been blended with those of the University.

The School of Education Foundation is governed by a board consisting of seven ex-officio directors and up to 15 elected directors. Ex-officio directors include the dean of the School of Education, as well as the school's associate dean for academic programs, assistant dean for external relations, assistant dean for administration and finance, director of alumni relations, president of the alumni council, and president-elect of the alumni council. The remaining directors are elected to the School of Education Foundation Board of Directors by action of the ex-officio directors. The School of Education Foundation aids, supports and promotes teaching, research, and service at the School of Education. Because members of the Board of Directors of the School of Education Foundation are officials or appointed by officials of the University, the financial statements of the School of Education Foundation have been blended with those of the University.

Separate financial statements for the Chapel Hill Investment Fund, UNC Investment Fund, the Management Company, and blended foundations may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

Discretely Presented Component Units – The Medical Foundation of North Carolina, Inc. (Medical Foundation), The University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc. (Arts and Sciences Foundation), and The Educational Foundation Scholarship Endowment Trust (Educational Foundation Trust) are legally separate, not-for-profit, tax-exempt organizations and are reported as discretely presented component units based on the nature and significance of their relationship to the University.

The Medical Foundation is governed by a board consisting of one ex-officio director, the Dean of the UNC School of Medicine, and up to 33 elected directors, which serve staggered terms. Two other ex-officio directors, the President of UNC Health Care and the President of the Medical Foundation, have no voting rights on any matters. Its purpose is

to support educational, scientific, and public service efforts of the University's School of Medicine and UNC Health Care System. Historically, the University's School of Medicine has been the major recipient of financial support from the Medical Foundation rather than UNC Health Care System. Although the University does not control the timing or amount of receipts from the Medical Foundation, the majority of resources or income that the Medical Foundation holds and invests is restricted to the University by the donors. Because these restricted resources held by the Medical Foundation can only be used by, or for the benefit of the University, the Medical Foundation is considered a component unit of the University.

The Arts and Sciences Foundation is governed by a board consisting of four ex-officio directors, 30 elected directors and such number of emeritus directors determined from time to time by the board of directors. The 30 elected directors are elected for staggered terms by the board of directors in office at the time of election. The purpose of the Arts and Sciences Foundation is to promote and support the University's College of Arts and Sciences. Although the University does not control the timing or amount of receipts from the Arts and Sciences Foundation, the majority of resources or income that the Arts and Sciences Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Arts and Sciences Foundation can only be used by, or for the benefit of the University, the Arts and Sciences Foundation is considered a component unit of the University.

The Educational Foundation Trust is governed by The Educational Foundation Scholarship Endowment Trust Agreement which designates the voting members of the Investment Committee of The Educational Foundation, Inc. as trustees. The Investment Committee consists of five members elected from the membership of The Educational Foundation, Inc. The Educational Foundation Trust operates solely to assist the University in providing financial assistance to students at the University. On an annual basis, the Board of Trustees of the Educational Foundation Trust appropriates a portion of the net appreciation on its assets to The Educational Foundation, Inc. in its capacity as agent for the Educational Foundation Trust. The distribution from the Educational Foundation Trust to The Educational Foundation, Inc. is then forwarded by The Educational Foundation, Inc. to the University to provide financial assistance to students at the University. Although the University does not control the timing or amount of receipts from the Educational Foundation Trust, the majority of resources or income that the Educational Foundation Trust holds and invests is restricted to the students of the University by the donors. Because these restricted resources

held by the Educational Foundation Trust can only be used for the benefit of the students of the University, the Educational Foundation Trust is considered a component unit of the University.

The Medical Foundation, the Arts and Sciences Foundation, and the Educational Foundation Trust are private, non-profit organizations that report their financial results under Financial Accounting Standards Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the financial information in the University's financial reporting entity for these differences.

During the year ended June 30, 2012, the Medical Foundation, the Arts and Sciences Foundation, and the Educational Foundation Trust distributed in total \$33,205,800 to the University for both restricted and unrestricted purposes. Complete financial statements for the Medical Foundation, Arts and Sciences Foundation, and Educational Foundation Trust can be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

Other related foundations and similar non-profit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

B BASIS OF PRESENTATION

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Pursuant to the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, the full scope of the University's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the University does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

C BASIS OF ACCOUNTING

The financial statements of the University have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Non-exchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange includes state appropriations, certain grants, and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D CASH AND CASH EQUIVALENTS

This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the short-term investment fund. The short-term investment fund maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

E INVESTMENTS

Investments generally are reported at fair value. The fair values of all debt and equity securities with readily determinable fair market values are based on quoted market prices. Investments for which a readily determinable fair value does not exist include investments in certain commingled funds and limited partnerships. These investments are carried at estimated fair values as provided by the respective fund managers of these investments or third party administrators. 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 investments existed. The net increase or decrease in the fair value of investments is recognized as a component of investment income. The majority of private equity limited partnerships and real assets limited partnerships are subject to fair value estimation, which includes discounted cash flow and transaction comparison. The estimated fair value of these investments is \$1.02 billion.

Money market funds, real estate not held by a governmental external investment pool, and other asset holdings are reported at cost, if purchased, or at fair value or appraised value at date of gift, if donated.

Short-term investments include marketable securities representing the investment of cash that is available for current operations. A majority of this available cash is invested in the University's Temporary Pool, a governmental external investment pool.

Endowment investments include the principal amount of gifts and bequests that, according to donor restrictions, must be held in perpetuity, along with any accumulated investment earnings on such amounts. Further, endowment investments also include amounts internally designated by the University for investment in an endowment capacity (i.e., quasi-endowments), along with accumulated investment earnings on such amounts. Land and other real estate held as investments by endowments are reported at fair value, consistent with how investments are generally reported.

F RECEIVABLES

Receivables consist of tuition and fees charged to students and charges to patients for services provided by the UNC Physicians & Associates and the Dental Faculty Practices. Receivables also include amounts due from the federal government, state and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied, and notes receivables from loans to students. Students, patients, pledges, and notes receivables are recorded net of the allowance for doubtful accounts. The accounts and other receivables are shown at book value with no provision for doubtful accounts considered necessary.

G INVENTORIES

Inventories held by the University are priced at cost or average cost except for the Student Stores inventory, which is valued at the lower of cost or market. Inventories consist of expendable supplies, postage, fuel held for consumption, textbooks, and other merchandise for resale.

H CAPITAL ASSETS

Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The value of

assets constructed includes all material direct and indirect construction costs. Interest costs incurred are capitalized during the period of construction.

The University capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of more than one year except for intangible assets which are capitalized when the value or cost is \$100,000 or greater and internally generated software which is capitalized when the value or cost is \$1,000,000 or greater.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 50 years for general infrastructure, 12 to 75 years for buildings, and 3 to 30 years for equipment. Amortization is computed using the straight-line method over the estimated useful lives of the assets from 3 to 20 years for computer software.

The University's historic property, artworks, and literary collections are capitalized at cost or fair value at the date of donation. These properties and collections are considered inexhaustible and are therefore not depreciated.

I RESTRICTED ASSETS

Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets and resources legally segregated for the payment of principal and interest as required by debt covenants, unspent debt proceeds, and endowment and other restricted investments.

J FUNDS HELD IN TRUST FOR POOL PARTICIPANTS

Funds held in trust for pool participants represent the external portion of the University's governmental external investment pool more fully described in Note 2. The assets associated with this liability are included in restricted investments, cash, and other similar asset accounts.

K FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others are resources neither in the possession nor the control of the University, but held and administered by an outside organization, with the University deriving income from such funds. Such funds established under irrevocable trusts where the University has legally enforceable rights or claims have not been recorded on the

accompanying financial statements. The value of these assets at June 30, 2012 is \$29,990,540.

L NON-CURRENT LONG-TERM LIABILITIES

Non-current long-term liabilities include principal amounts of revenue bonds payable, notes payable, capital lease obligations, annuity and life income payable, and compensated absences that are not scheduled to be paid within the next fiscal year.

Revenue bonds payable are reported net of unamortized premiums or discounts and deferred losses on refundings. The University amortizes bond premiums/discounts over the life of the bonds using the straight-line method. The deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. Issuance costs are expensed.

M COMPENSATED ABSENCES

The University's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

When classifying compensated absences into current and non-current, leave is considered taken using a last-in, first-out (LIFO) method.

There is no liability for unpaid accumulated sick leave because the University has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

N NET ASSETS

The University's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Assets—Non-expendable: Non-expendable restricted net assets include endowments and similar type assets whose use is limited by donors or other outside sources, and, as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Assets—Expendable: Expendable restricted net assets include resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Assets: Unrestricted net assets include resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the University. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are always used first.

O SCHOLARSHIP DISCOUNTS

Student tuition and fees revenues and certain other revenues from University charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. The scholarship discount is the difference between the actual charge for goods and services provided by the University and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or non-governmental programs, are recorded as non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. To the

extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship discount.

P REVENUE AND EXPENSE RECOGNITION

The University classifies its revenues and expenses as operating or non-operating in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, (3) certain federal, state and local grants and contracts that are essentially contracts for services, and (4) interest earned on loans. Operating expenses are all expense transactions incurred other than those related to capital and non-capital financing or investing activities as defined by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

Non-operating revenues include activities that have the characteristics of non-exchange transactions. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the University, as well as investment income, are considered non-operating since these are either investing, capital or non-capital financing activities. Capital contributions are presented separately after non-operating revenues and expenses.

Q INTERNAL SALES ACTIVITIES

Certain institutional auxiliary operations provide goods and services to University departments, as well as to its customers. These institutional auxiliary operations include activities such as utility services, telecommunications, central stores, printing and copy centers, postal services, and repairs and maintenance services. In addition, the University has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. All internal sales activities to University departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

Note 2. Deposits and Investments

A DEPOSITS

Unless specifically exempt, the University is required by North Carolina General Statute 147-77 to deposit moneys received with the State Treasurer or with a depository institution in the name of the State Treasurer. However, the University of North Carolina Board of Governors, pursuant to G.S. 116-36.1, may authorize the University to deposit its institutional trust funds in interest-bearing accounts and other investments authorized by the Board of Governors, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. Although specifically exempted, the University may voluntarily deposit institutional trust funds, endowment funds, special funds, revenue bond proceeds, debt service funds, and funds received for services rendered by health care professionals with the State Treasurer. Special funds consist of moneys for intercollegiate athletics and agency funds held directly by the University.

At June 30, 2012, the amount shown on the Statement of Net Assets as cash and cash equivalents includes \$862,664,868 which represents the University's equity position in the State Treasurer's Short-Term Investment Fund. The Short-Term Investment Fund (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating) had a weighted average maturity of 1.5 years as of June 30, 2012. Assets and shares of the Short-Term Investment Fund are valued at amortized cost, which approximates fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's Short-Term Investment Fund) are included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

Cash on hand at June 30, 2012 was \$160,152. The carrying amount of the University's deposits not with the State Treasurer was \$44,170,327 and the bank balance was \$50,541,426. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$10,270,691 of the University's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

B INVESTMENTS

The University is authorized by The University of North Carolina Board of Governors pursuant to G.S. 116-36.2 and Section 600.2.4 of the Policy Manual of the University of North Carolina, to invest its special funds and funds received for services rendered by health care professionals in the same manner as the State Treasurer is required to invest, as discussed below.

G.S. 147-69.1(c), applicable to the State's General Fund, and G.S. 147-69.2, applicable to institutional trust funds, authorize the State Treasurer to invest in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the State of North Carolina; time deposits of specified institutions; prime quality commercial paper; and asset-backed securities with specified ratings. Also, G.S. 147-69.1(c) authorizes the following: specified bills of exchange or time drafts and corporate bonds and notes with specified ratings. G.S. 147-69.2 authorizes the following: general obligations of other states; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

In accordance with the bond resolutions, bond proceeds and debt service funds are invested in obligations that will by their terms mature on or before the date funds are expected to be required for expenditure or withdrawal.

G.S. 116-36(e) provides that the trustees of the Endowment Fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the Endowment Fund to be invested.

Investments of the University's component units, UNC-Chapel Hill Foundation, Management Company, Chapel Hill Investment Fund, UNC Investment Fund, Business School Foundation, Law Foundation, School of Education Foundation, Medical Foundation, Arts and Sciences Foundation, and Educational Foundation Trust, are subject to and restricted by G.S. 36E "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) and any requirements placed on them by contract or donor agreements. The Management Company does not hold endowment funds.

Investments of various funds may be pooled unless prohibited by statute or by terms of the gift or contract. The University utilizes investment pools to manage investments and distribute investment income.

Investments are subject to the following risks:

Interest Rate Risk: Interest rate risk is the risk the University may face should interest rate variances affect the fair value of investments. The University does not have a formal policy that addresses interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal policy that addresses credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The University does not have a formal policy for foreign currency risk.

Temporary Investment Pool (Temporary Pool) - This is a fixed income portfolio managed by the UNC Management Company, Inc. (Management Company) and Novant Asset Management, LLC. It operates in conjunction with the University's Bank of America disbursing account for all special funds, funds received for services rendered by health care professionals, and endowment revenue funds (internal portion) and funds of affiliated foundations (external portion). Because of the participation in the Temporary Pool by affiliated foundations, it is considered a governmental external investment pool. The external portion of the Temporary Pool is presented in the accompanying financial statements as Funds Held in Trust for Pool Participants. Fund ownership of the University's Temporary Pool is measured using the unit value method. Under this method, participant activity is recorded on a cost basis in the UNC-Chapel Hill Money Market System. This is the official

means of recording activity in the Temporary Pool. The Temporary Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the University Board of Trustees. The University has not provided legally binding guarantees during the period to support the value of the pool's investments. There are no involuntary participants in the Temporary Pool.

The Bank of New York Mellon is the custodian for the Temporary Pool and provides the University with monthly statements defining income and market value information. Investments of the Temporary Pool are generally highly liquid and include U.S. government securities, collateralized mortgage obligations, asset-backed securities, corporate bonds, and mutual funds. The University has elected to invest a portion of the Temporary Pool assets in the Chapel Hill Investment Fund.

By request to accounting services, participants may purchase and sell shares in the Temporary Pool at a fixed value of \$1 per share. Generally, the purchase and sale of participation shares occur only at the beginning of the month. Income distribution is determined each quarter by multiplying the distribution rate by the average of the invested fund balance. Statements are provided via internet website to each participating account or group of accounts on a quarterly basis reflecting the participants' balance and income distribution. The rate earned by an account is dependent upon its account classification and investable fund balance. The rates are set by policy and approved by the vice chancellor for finance and administration.

The following table presents the fair value of the Temporary Pool investments by type and investments subject to interest rate risk at June 30, 2012.

TEMPORARY POOL INVESTMENTS

	Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities					
U.S. Treasuries	\$14,054,840	\$9,059,140	\$4,995,700		
U.S. Agencies	148,335,778	13,687,647	17,123,402	\$6,120,780	\$111,403,949
Collateralized Mortgage Obligations	63,676,088	10,398,544	104,198	391,567	52,781,779
Asset-backed Securities	1,030,536				1,030,536
Money Market Mutual Funds	110,359,545	110,359,545			
Domestic Corporate Bonds	16,042,234	6,573,244	9,468,990		
Total Debt Securities	353,499,021	\$150,078,120	\$31,692,290	\$6,512,347	\$165,216,264
Other Securities					
Domestic Stocks	30,000				
Total Temporary Pool Investments	\$353,529,021				

The University has elected to invest \$40,697,887 of the Temporary Pool assets in the UNC Chapel Hill Investment Fund. The disclosures for these investments are not included here. The disclosures for this portion of the Temporary Investment Pool can be found under the heading UNC Chapel Hill Investment Fund, Inc.

At June 30, 2012, investments in the Temporary Pool had the following credit quality distribution for securities with credit exposure:

	Fair Value	AAA, Aaa	AA, Aa	A	BBB, Baa	BB, Ba and below
U.S. Agencies	\$148,335,778		\$148,335,778			
Collateralized Mortgage Obligations	63,676,088	\$40,423	54,133,082	\$274,614	\$49,638	\$9,178,331
Asset-backed Securities	1,030,536					1,030,536
Money Market Mutual Funds	110,359,545	110,359,545				
Domestic Corporate Bonds	16,042,234		3,868,468	11,644,392	492,260	37,114
Total	\$339,444,181	\$110,399,968	\$206,337,328	\$11,919,006	\$541,898	\$10,245,981

Rating Agency: Moody's/Standard & Poor's/Fitch

Since a separate annual financial report of the Temporary Investment Pool has not been and is not planned to be issued, the following additional disclosures are being provided in the University's financial statements.

The Temporary Investment Pool's Statement of Net Assets and Statement of Operations and Changes in Net Assets as of and for the period ended June 30, 2012, are as follows:

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Amount
<i>Assets:</i>	
Cash in Bank	\$1,919,141
State Treasurer Investment Fund	83,700,000
Accounts Receivable	19
Accrued Investment Income	1,184,272
Chapel Hill Investment Fund	40,697,887
Investments	353,529,021
Total Assets	\$481,030,340
<i>Liabilities:</i>	
Deferred Income	\$268,183
Accounts Payable	1,995,052
Total Liabilities	2,263,235
<i>Net Assets Held in Trust for All Pool Participants:</i>	
Internal Portion	304,439,674
External Portion	174,327,431
Total Net Assets	478,767,105
Total Liabilities and Net Assets	\$481,030,340

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Amount
<i>Increase in Net Assets from Operations:</i>	
Revenues: Investment Income	\$6,431,963
Expenses: Investment Management	(618,798)
Net Increase in Net Assets Resulting from Operations	5,813,165
<i>Distributions to Participants:</i>	
Distributions Paid and Payable	(5,813,165)
<i>Share Transactions:</i>	
Net Share Purchases	27,723,347
Total Increase in Net Assets	27,723,347
<i>Net Assets:</i>	
Beginning of Year	451,043,758
End of Year	\$478,767,105

Intermediate Investment Pool - Established in October 2007, this is a portfolio managed by the UNC Management Company, Inc. (Management Company) and is comprised of fixed income investments and investments with the UNC-Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund). Participation in the Intermediate Pool is open to all participants that are eligible for the UNC Chapel Hill Temporary Investment Pool, however currently the University is the only member. Fund ownership of the University's Intermediate Pool is measured using the unit value method. Under this method, each participant's investment balance is determined on a market value basis. The Intermediate Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the University Board of Trustees. The University has not provided legally binding guarantees during the period to support the value of the pool's investments. There are no involuntary participants in the Intermediate Pool.

The Bank of New York Mellon is the custodian for the Intermediate Pool and provides the University with monthly

statements defining income and market value information. Generally a minimum of 45 percent and a maximum of 65 percent of the market value of the Intermediate Pool will be invested in the Chapel Hill Investment Fund. The remaining assets of the Intermediate Pool will be invested primarily (at least 80 percent) in cash, money market instruments, high quality bonds, and other high quality fixed income instruments in accordance with the Investment Guidelines.

By written request to university accounting services, the purchase and sale of participation shares occur at the beginning of the month. As calculated by the Management Company, returns net of fees and expenses will be allocated 85 percent to the Intermediate Pool participants and 15 percent to the University. Statements are provided by the Management Company to each participant on a monthly basis reflecting the participants' balance and investment activity.

The following table presents the fair value of the Intermediate Pool investments by type and investments subject to interest rate risk at June 30, 2012.

INTERMEDIATE POOL INVESTMENTS

	Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities					
Debt Mutual Funds	\$12,311,804		\$12,311,804		
Money Market Mutual Funds	8,237,624	\$8,237,624			
Total Intermediate Pool Investments	\$20,549,428	\$8,237,624	\$12,311,804	\$0	\$0

At June 30, 2012, investments in the Intermediate Pool had the following credit quality distribution for securities with credit exposure:

Investment Type	Fair Value	AAA, Aaa	AA, Aa	A
Debt Mutual Funds	\$12,311,804		\$12,311,804	
Money Market Mutual Funds	8,237,624	\$1,579,411		\$6,658,213
Total	\$20,549,428	\$1,579,411	\$12,311,804	\$6,658,213

Rating Agency: Moody's/Standard & Poor's/Fitch

At June 30, 2012, the Intermediate Investment Pool had investments of \$28,154,328 in the Chapel Hill Investment Fund. The disclosures for these investments are not included here. The disclosures for this portion of the Intermediate Investment Pool can be found under the heading UNC Chapel Hill Investment Fund, Inc.

UNC Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund) - This is a North Carolina non-profit corporation exempt from income tax pursuant to Section 501(c)(3). It was established in January 1997 and is classified as a governmental external investment pool. The pool is utilized to manage the investments for charitable, non-profit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. The University's Endowment, UNC-Chapel Hill Foundation, Business School Foundation, School of Education Foundation, Law Foundation, Medical Foundation, Arts and Sciences Foundation, and Educational Foundation Trust are participants in the Chapel Hill Investment Fund and are included in the University's reporting entity (internal portion). Other affiliated organizations (external portion) in the Chapel Hill Investment Fund are not included in the University's reporting entity. Fund ownership of the Chapel Hill Investment Fund is measured using the unit value method. Under this method, each participant's investment balance is determined on a market value basis. The external portion of the Chapel Hill Investment Fund is presented in the accompanying financial statements as Funds Held in Trust for Pool Participants.

The Chapel Hill Investment Fund is not registered with the SEC and is not subject to any formal oversight other than that provided by the Chapel Hill Investment Fund Board of Directors (See Note 1A).

The Chapel Hill Investment Fund is the primary participant of UNC Investment Fund, LLC (UNC Investment Fund) and on a monthly basis receives a unitization report from the Management Company defining change in book and market value, applicable realized gains and losses and expenses. The Chapel Hill Investment Fund uses a unit basis to determine each participant's market value and to distribute the fund's earnings according to the fund's spending policy. There are no involuntary participants in the Chapel Hill Investment Fund. The University has not provided or obtained any legally binding guarantees during the period to support the value for the Chapel Hill Investment Fund. The audited financial statements for the Chapel Hill Investment Fund may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

The Chapel Hill Investment Fund consists of an approximately 67.4 percent membership in the UNC Investment Fund categorized below.

UNC Investment Fund, LLC (UNC Investment Fund) - This is a non-profit limited liability company exempt from income tax pursuant to Section 501(c)(3) organized under the laws of the State of North Carolina. It was established in December 2002 by the Chapel Hill Investment Fund and is classified as a governmental external investment pool. The pool is utilized to manage the investments for The University of North Carolina, its constituent institutions, and affiliates of the constituent institutions. This includes charitable, non-profit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support these institutions. The Chapel Hill Investment Fund, with an approximately 67.4 percent membership interest as of June 30, 2012, is the predominant member of the UNC Investment Fund. The University's reporting entity portion of the Chapel Hill Investment Fund and the Management Company's portion of the UNC Investment Fund is characterized as the internal portion. Other affiliated organizations in the Chapel Hill Investment Fund in addition to other members of the UNC Investment Fund not included in the University's reporting entity are characterized as the external portion. The external portion of the UNC Investment Fund is presented in the accompanying financial statements as Funds Held in Trust for Pool Participants. Membership interests of the UNC Investment Fund are measured using the unit value method. Under this method, each member's investment balance is determined on a market value basis.

The UNC Investment Fund is not registered with the SEC and is not subject to any formal oversight other than that provided by the Chapel Hill Investment Fund as the controlling member (See Note 1A). Effective January 1, 2003, the Management Company entered into an investment management services agreement with the UNC Investment Fund and provides investment management and administrative services.

The Bank of New York Mellon is the custodian for the UNC Investment Fund and provides the University with monthly statements defining income and market value information. The UNC Investment Fund uses a unit basis to determine each member's market value and to distribute the fund's earnings. The University has not provided or obtained any legally binding guarantees during the period to support the value for the UNC Investment Fund investments. The audited financial statements for the UNC Investment Fund may be obtained from UNC Management Company, Inc., 1400 Environ Way, Chapel Hill, NC 27517.

The following table presents the fair value of the UNC Investment Fund investments by type and investments subject to interest rate risk at June 30, 2012.

UNC INVESTMENT FUND POOL INVESTMENTS

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
Debt Securities					
U.S. Treasuries	\$13,369,869		\$10,694,730		\$2,675,139
U.S. Agencies	8,383,181	\$23,138		\$3,690,057	4,669,986
Collateralized Mortgage Obligations	19,926,042	14,024,147			5,901,895
Asset-backed Securities	5,151,568	5,151,568			
Debt Mutual Funds	100,650,854		44,407,381	54,745,376	1,498,097
Money Market Mutual Funds	105,509,943	105,509,943			
Domestic Corporate Bonds	3,736,427	364,612	2,708,600		663,215
Total Debt Securities	256,727,884	\$125,073,408	\$57,810,711	\$58,435,433	\$15,408,332
Other Securities					
International Equity Index Funds	170,292,081				
Equity Index Funds	35,683,517				
Real Estate Investment Trust	786,892				
Other Hedge Funds	942,570,769				
Long Only Hedge Funds	435,877,863				
Private Equity Limited Partnerships	737,422,774				
Real Assets Limited Partnerships	457,012,502				
Domestic Stocks	129,849,914				
Foreign Stocks	143,378				
Other	2,021				
Total UNC Investment Fund Pool Investments	\$3,166,369,595				

At June 30, 2012, investments in the UNC Investment Fund Pool had the following credit quality distribution for securities with credit exposure:

	Fair Value	AAA, Aaa	AA, Aa	A	BBB, Baa	BB, Ba and below	Unrated
U.S. Agencies	\$8,383,181		\$8,360,043				\$23,138
Collateralized Mortgage Obligations	19,926,042					\$19,926,042	
Asset-backed Securities	5,151,568					5,151,568	
Debt Mutal Funds	100,650,854		54,745,376		\$1,498,097	44,407,381	
Money Market Mutual Funds	105,509,943	\$102,837,613		\$2,672,330			
Domestic Corporate Bonds	3,736,427			3,371,815		364,612	
Total	\$243,358,015	\$102,837,613	\$63,105,419	\$6,044,145	\$1,498,097	\$69,849,603	\$23,138

Rating Agency: Moody's/Standard & Poor's/Fitch

At June 30, 2012, the UNC Investment Fund Pool's exposure to foreign currency risk is as follows:

	Currency	Fair Value (U.S. Dollars)
Private Equity Limited Partnerships	Euro	\$69,216,225
Real Assets Limited Partnerships	Euro	26,432,762
Other Hedge Funds	Euro	8,083,017
Private Equity Limited Partnerships	British Pound Sterling	9,185,723
Real Assets Limited Partnerships	British Pound Sterling	1,086,338
Private Equity Limited Partnerships	Australian Dollar	4,782,562
Real Assets Limited Partnerships	Canadian Dollar	4,061,142
Foreign Stocks	Euro	143,378
Total		\$122,991,147

Non-Pooled Investments - The following table presents the fair value of investments by type and investments subject to interest rate risk at June 30, 2012.

NON-POOLED INVESTMENTS

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
Debt Securities					
U.S. Treasuries	\$2,564,661	\$40,681	\$113,552	\$2,379,059	\$31,369
U.S. Agencies	129,287	70,364	58,923		
Mortgage Pass Throughs	34,924				34,924
Collateralized Mortgage Obligations	19,902		19,902		
State and Local Government	129,921			129,921	
Debt Mutual Funds	4,905,600		1,025,629	2,759,606	1,120,365
Money Market Mutual Funds	49,054,909	49,054,909			
Domestic Corporate Bonds	755,274				755,274
Foreign Corporate Bonds	50,190		50,190		
Foreign Government Bonds	35,540				35,540
Total Debt Securities	57,680,208	\$49,165,954	\$1,268,196	\$5,268,586	\$1,977,472
Other Securities					
International Equity Index Funds	4,604,255				
Equity Index Funds	8,252,264				
Investments in Real Estate	2,283,303				
Real Estate Investment Trust	699				
Private Equity Limited Partnerships	2,438,541				
Real Assets Limited Partnerships	2,178,734				
Domestic Stocks	10,510,551				
Foreign Stocks	281,156				
Other	12,653,624				
Total Non-Pooled Investments	\$100,883,335				

At June 30, 2012, the University's Non-Pooled investments had the following credit quality distribution for securities with credit exposure:

	Fair Value	AAA, Aaa	AA, Aa	A	BBB, Baa	BB, Ba and below	Unrated
U.S. Agencies	\$129,287		\$129,287				
Mortgage Pass Throughs	34,924	\$8,903	1,215			\$24,003	\$803
Collateralized Mortgage Obligations	19,902					19,902	
State and Local Government	129,921				\$129,921		
Debt Mutual Funds	4,905,600	51,705	1,998,298	\$1,310,875	933,963	610,040	719
Money Market Mutual Funds	49,054,909	49,003,943		50,966			
Domestic Corporate Bonds	755,274					755,274	
Foreign Corporate Bonds	50,190				29,640	20,550	
Foreign Government Bonds	35,540			35,540			
Total	\$55,115,547	\$49,064,551	\$2,128,800	\$1,397,381	\$1,093,524	\$1,429,769	\$1,522

Rating Agency: Moody's/Standard & Poor's/Fitch

At June 30, 2012, the Non-Pooled investments exposure to foreign currency risk is as follows:

	Currency	Fair Value (U.S. Dollars)
Foreign Stocks	British Pound Sterling	\$24,165
Foreign Stocks	Australian Dollar	22,289
Foreign Stocks	Japanese Yen	21,157
Foreign Stocks	Euro	17,220
Total		\$84,831

Total Investments - The following table presents the fair value of the total investments at June 30, 2012.

Investment Type	Fair Value
<i>Debt Securities</i>	
U.S. Treasuries	\$29,989,370
U.S. Agencies	156,848,246
Mortgage Pass Throughs	34,924
Collateralized Mortgage Obligations	83,622,032
State and Local Government	129,921
Asset-backed Securities	6,182,104
Debt Mutual Funds	117,868,258
Money Market Mutual Funds	273,162,021
Domestic Corporate Bonds	20,533,935
Foreign Corporate Bonds	50,190
Foreign Government Bonds	35,540
Total Debt Securities	688,456,541
<i>Other Securities</i>	
International Equity Index Funds	174,896,336
Equity Index Funds	43,935,781
Investments in Real Estate	2,283,303
Real Estate Investment Trust	787,591
Other Hedge Funds	942,570,769
Long Only Hedge Funds	435,877,863
Private Equity Limited Partnerships	739,861,315
Real Assets Limited Partnerships	459,191,236
Domestic Stocks	140,390,465
Foreign Stocks	424,534
Other	12,655,645
Total Investments	\$3,641,331,379

Total investments include \$428,381,371 held in the UNC Investment Fund for the component units that are discretely presented in the accompanying financial statements. The University's reporting entity, including the three discretely presented component units, comprises 58.0 percent of the UNC Investment Fund.

Component Units Investments of the University's discretely presented component unit, the Medical Foundation of North Carolina, Inc., are subject to and restricted by G.S. 36E "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) and any requirements placed on them by contract or donor agreements. Because the Medical Foundation reports under the FASB reporting model, disclosures of

the various investment risks are not required. The following is an analysis of investments not held by the University:

Investment Type	Carrying Value
Money Market Funds	\$200,052
Common Stock	58,296
Mutual Funds	30,292,143
International Equity Fund	6,592,462
Certificate of Deposit	257,960
Total Investments	\$37,400,913

Note 3. Endowment Investments

Substantially all of the investments of the University's endowment funds are pooled in the Chapel Hill Investment Fund. Under the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA), authorized by the North Carolina General Assembly on March 19, 2009, the Board may appropriate expenditures from eligible non-expendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements. During the year, the Board did not appropriate expenditures from eligible non-expendable endowment funds. Investment return of the University's pooled endowment funds is predicated on the total return concept (yield plus appreciation). Annual distributions from the Chapel Hill Investment Fund to the University's pooled endowment funds are generally based on an adopted distribution policy. Under this policy, the prior year distribution is increased by the rate of inflation as measured by the Consumer Price Index (CPI) unless the Board determines otherwise. Each year's distribution, however, is subject to a minimum of 4 percent and a maximum of 7 percent of the pooled endowment fund's average market value for the previous year.

To the extent that the total return for the current year exceeds the distribution, the excess is added to principal. If current year earnings do not meet the distribution requirements, the University uses accumulated income and appreciation to make up the difference. At June 30, 2012, accumulated income and appreciation of \$490,731,772 was available in the University's pooled endowment funds of which \$444,166,791 was restricted to specific purposes including scholarships and fellowships, research, library acquisitions, professorships, departmental and other uses. The remaining portion of net appreciation available to be spent is classified as unrestricted net assets.

Note 4. Receivables

Receivables at June 30, 2012, were as follows:

	Gross Receivables	Less Allowance for Doubtful	Net Receivables
<i>Current Receivables</i>			
Students	\$9,854,726	\$2,160,255	\$7,694,471
Student Sponsors	301,181		301,181
Patients	112,503,473	79,016,498	33,486,975
Accounts	49,338,199		49,338,199
Intergovernmental	67,698,036		67,698,036
Pledges	18,845,303	505,440	18,339,863
Investment Earnings	1,547,361		1,547,361
Interest on Loans	915,285		915,285
Other	34,847		34,847
Total Current Receivables	\$261,038,411	\$81,682,193	\$179,356,218
<i>Non-current Receivables</i>			
Pledges	\$29,368,657	\$795,862	\$28,572,795
<i>Notes Receivable</i>			
Notes Receivable - Current:			
Institutional Student Loan Programs	\$4,644,903	\$333,539	\$4,311,364
Notes Receivable–Non-current:			
Federal Loan Programs	\$30,292,683	\$1,923,282	\$28,369,401
Institutional Student Loan Programs	7,103,046	511,618	6,591,428
Total Notes Receivable–Non-current	\$37,395,729	\$2,434,900	\$34,960,829

Pledges are receivable over varying time periods ranging from one to 10 years, and have been discounted based on a projected interest rate of 0.35 percent for the outstanding periods, and allowances are provided for the amounts estimated to be uncollectible.

Scheduled receipts, the discounted amount under these pledge commitments, and allowances for uncollectible pledges are as follows:

Fiscal Year	Amount
2013	\$18,933,185
2014	11,891,694
2015	8,481,706
2016	4,409,498
2017	1,492,019
2018-2022	3,333,230
Total Pledge Receipts Expected	48,541,332
Less Discount Amount Representing Interest (0.35% Rate of Interest)	327,372
Present Value of Pledge Receipts Expected	48,213,960
Less Allowance for Uncollectible	1,301,302
Pledges Receivable	\$46,912,658

Note 5. Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2012 is presented as follows:

	Balance 07/01/11	Increases	Decreases	Balance 06/30/12
<i>Capital Assets, Non-depreciable</i>				
Land	\$62,312,770	\$760,373		\$63,073,143
Art, Literature, and Artifacts	81,877,543	2,662,401	\$386	84,539,558
Construction in Progress	316,011,018	95,936,280	192,576,004	219,371,294
Computer Software in Development	11,240,918	10,258,582		21,499,500
Other Intangible Assets	1,000,000			1,000,000
Total Capital Assets, Non-depreciable	472,442,249	109,617,636	192,576,390	389,483,495
<i>Capital Assets, Depreciable</i>				
Buildings	2,343,980,519	257,880,744		2,601,861,263
Machinery and Equipment	362,755,966	27,916,572	12,864,186	377,808,352
General Infrastructure	847,614,608	5,730,151		853,344,759
Computer Software	49,196,387			49,196,387
Total Capital Assets, Depreciable	3,603,547,480	291,527,467	12,864,186	3,882,210,761
<i>Less Accumulated Depreciation/Amortization for</i>				
Buildings	698,308,722	72,064,852		770,373,574
Machinery and Equipment	178,138,360	21,469,475	8,838,697	190,769,138
General Infrastructure	265,099,241	17,230,841		282,330,082
Computer Software	2,764,705	2,764,705		5,529,410
Total Accumulated Depreciation/Amortization	1,144,311,028	113,529,873	8,838,697	1,249,002,204
Total Capital Assets, Depreciable, Net	2,459,236,452	177,997,594	4,025,489	2,633,208,557
Capital Assets, Net	\$2,931,678,701	\$287,615,230	\$196,601,879	\$3,022,692,052

Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2012, were as follows:

	Amount
Accounts Payable	\$74,200,742
Accrued Payroll	41,218,528
Contract Retainage	8,473,889
Intergovernmental Payables	8,392,339
Total Accounts Payable and Accrued Liabilities	\$132,285,498

Note 7. Short-Term Debt

A summary of changes in the capital assets for the year ended June 30, 2012 is presented as follows:

	Balance 07/01/11	Draws	Repayments	Balance 06/30/12
Commercial Paper Program (2002A Bonds)	\$73,650,000	\$59,000,000	\$0	\$132,650,000

The University manages a commercial paper (CP) program under the issuer name of the Board of Governors of the University of North Carolina that provides up to \$500,000,000 in short-term financing for the University's and North Carolina State University's (NCSU) capital improvement programs. Under this CP program, the

University is authorized to issue up to \$400,000,000 and NCSU is authorized to issue up to \$100,000,000. Contingent liquidity needs for the entire CP program are provided by the University of North Carolina at Chapel Hill and supported by a pledge of the University's available funds.

The University will typically utilize the commercial paper program for construction financing and will periodically issue long-term bonds to refund the outstanding balances under this program in order to provide permanent financing for these capital improvement projects.

At its June 2012 meeting, the Board of Governors for the University of North Carolina issued a resolution to limit the cumulative amount of outstanding commercial paper for the University of North Carolina at Chapel Hill under this program to \$250,000,000. This resolution does not impact NCSU.

Note 8. Long-Term Liabilities

A CHANGES IN LONG-TERM LIABILITIES

A summary of changes in the long term liabilities for the year ended June 30, 2012 is presented as follows:

	Balance 07/01/11	Additions	Reductions	Balance 06/30/12	Current Portion
Revenue Bonds Payable	\$1,214,335,000		\$29,250,000	\$1,185,085,000	\$86,833,042
Add/Deduct Premium/Discount	11,915,384		(2,916,555)	14,831,939	
Deduct Deferred Charge on Refunding	(2,230,649)		(401,922)	(1,828,727)	
Total Revenue Bonds Payable	1,224,019,735	\$0	25,931,523	1,198,088,212	86,833,042
Notes Payable	45,750,000	36,911,896	36,721,118	45,940,778	961,717
Capital Leases Payable	813,557		759,183	54,374	54,374
Compensated Absences	126,861,626	71,256,267	71,612,764	126,505,129	7,289,103
Annuity and Life Income Payable	11,354,655	3,930,589		15,285,244	1,620,624
Total Long-term Liabilities	\$1,408,799,573	\$112,098,752	\$135,024,588	\$1,385,873,737	\$96,758,860

Additional information regarding capital lease obligations is included in Note 10.

B REVENUE BONDS PAYABLE

The University was indebted for revenue bonds payable for the purposes shown in the following table:

Purpose	Series	Interest Rate/Ranges	Final Maturity Date	Original Amount of Issue plus Capital Appreciation	Principal Paid Through 06/30/12	Discount on Capital Appreciation Bonds	Principal Outstanding plus Capital Appreciation 06/30/12	See Table on Next Page
General Revenue								
	2001A	5.000% - 5.375%	12/01/25	\$89,930,000	\$57,250,000		\$32,680,000	
	2001B	4.448%*	12/01/25	54,970,000	22,750,000		32,220,000	
	2001C	3.289%*	12/01/25	54,970,000	22,750,000		32,220,000	
	2002B	5.00%	12/01/11	66,555,000	66,555,000		0	
	2003	4.625% - 5.000%	12/01/33	107,960,000	15,730,000		92,230,000	
	2005A	4.25% - 5.00%	12/01/34	404,960,000	7,675,000		397,285,000	
	2007	4.45 - 5.00%	12/01/36	298,475,000	0		298,475,000	
	2009A	3.00% - 5.00%	12/01/28	97,735,000	7,330,000		90,405,000	
	2009B	5.757%**	12/01/39	112,805,000	0		112,805,000	
Total General Revenue				1,288,360,000	200,040,000		1,088,320,000	
Housing System	1997B	5.00%	11/01/11	7,210,000	7,210,000		0	
Utilities System	1997	5.25% - 5.50%	08/01/21	84,135,000		(\$17,621,633)	66,513,367	(1)
U.S. EPA Project	1991	9.05%	02/15/15	58,125,000	45,495,000	(1,694,578)	10,935,422	
Total Revenue Bonds Payable (principal only)				\$1,437,830,000	\$252,745,000	(\$19,316,211)	1,165,768,789	
Less: Unamortized Loss on Refunding							(1,828,727)	
Plus: Unamortized Discount							34,148,150	
Total Revenue Bonds Payable							\$1,198,088,212	

* For variable rate debt with interest rate swaps, the synthetic fixed rates in effect at June 30, 2012 are included.

** The University has elected to treat these bonds as federally taxable "Build America Bonds" for the purposes of the American Recovery and Reinvestment Act and to receive a cash subsidy from the U.S. Treasury equal to 35% of the interest payable on these bonds. For these bonds, the interest rate included is the taxable rate, which does not factor in the cash subsidy from the U.S. Treasury.

The University has pledged future revenues, net of specific operating expenses, to repay revenue bonds as shown in the table below:

Current Year						
Ref	Revenue Source	Total Future Revenues Pledged	Revenues Net of Expenses	Principal & Accretion	Interest	Estimate of % of Revenues Pledged
(1)	Utilities Revenues	\$84,135,000	\$39,355,683	\$3,460,012	\$0	7%

C DEMAND BONDS

Included in bonds payable are several variable rate demand bond issues. Demand bonds are securities that contain a “put” feature that allows bondholders to demand payment before the maturity of the debt upon proper notice to the University’s remarketing or paying agents.

With regards to the following demand bonds, the University has not entered into take-out agreements, which would convert the demand bonds not successfully remarketed into another form of long-term debt.

General Revenue, Series 2001B and 2001C

In 2001 the University issued two series of variable rate demand bonds in the amount of \$54.97 million (2001B) and \$54.97 million (2001C) that each has a final maturity date of December 1, 2025. The bonds are subject to mandatory sinking fund redemption on the interest payment date on or immediately preceding each December throughout the term of the bonds. The proceeds of these issuances were used to provide funds to refund in advance of their maturity the following issues: Ambulatory Care Clinic, Series 1990; Athletic Facilities, Series 1998; Carolina Inn, Series 1994; School of Dentistry, Series 1995; Kenan Stadium, Series 1996; Housing System, Series 2000; and Parking System, Series 1997C. While bearing interest at a weekly rate, the bonds are subject to purchase on demand with seven days notice and delivery to the University’s Remarketing Agents J.P. Morgan Securities Inc. (2001B) and Banc of America Securities, LLC (2001C). Effective September 23, 2008, J.P. Morgan Securities Inc. replaced Lehman Brothers, Inc.

The University entered into a line of credit agreement in the amount of \$200 million with Wells Fargo Bank, N.A. (the Bank) on September 21, 2011. The University also entered into a line of credit agreement in the amount of \$200 million with J.P. Morgan Chase Bank, N.A. (the Bank) on September 21, 2011. Under each agreement, the University is entitled to draw amounts sufficient to pay the principal and accrued interest on Variable Rate Demand Bonds (or Commercial Paper Bonds) delivered for purchase. Under each agreement, the University may, at any time and for any reason, reduce the Commitment by any amount upon 30 days prior written notice to the Bank.

The University is required to pay a quarterly facility fee for each line of credit in the amount of 0.38% per annum based on the size of the available commitment. If a long-term debt rating assigned by Standard & Poor’s (S&P), Fitch Ratings (Fitch) or Moody’s Investors Service (Moody’s) is lowered, the facility fee assigned to the lowest rating in the below table shall apply. In the event of a split rating (i.e., one or more of the rating agency’s ratings is at a different level than the rating of either of the other rating agencies), the facility fee rate shall be determined as follows: (i) if two of the three ratings appear in the same level, the facility fee rate shall be based on that level; (ii) if no two ratings appear in the same level, the facility fee rate shall be based on the level which includes the middle of the three ratings.

S&P	Fitch	Moody’s	Facility Fee
AA	AA	Aa2	0.48%
AA-	AA-	Aa3	0.58%
A+	A+	A1	0.68%
A	A	A2	0.78%
A- or lower	A- or lower	A3 or lower	1.78%

The University will pay an accrued interest fee equal to the amount of accrued interest, at the time of purchase of the bonds, multiplied by the bank prime rate multiplied by the ratio of the number of days from the date of purchase of the bonds until the date of payment of the accrued interest to 365 days.

Under each agreement, draws to purchase bonds will accrue interest at the bank prime rate payable on the same interest date as provided in the Series Indenture for the original bonds. The University is required to begin making a series of six fully amortizing semi-annual principal payments on bonds held by the Bank six months after the date of funding. Commercial paper bonds held by the Bank may be rolled over for a period of 180 days and must be reduced by 1/6th of the original amount of the Commercial paper bonds for a period of up to 5 rollovers. All outstanding principal and accrued but unpaid interest is due in full at the maturity of the line of credit.

Each line of credit agreement expires on September 21, 2014 and is subject to covenants customary to this type of transac-

tion, including a default provision in the event that the University's long-term bond ratings were lowered to below a BBB- for S&P, BBB- for Fitch, and Baa3 for Moody's. At June 30, 2012, no purchase drawings had been made under the line of credit.

D CAPITAL APPRECIATION BONDS

The University's Series 1997 Utility System and the Series 1991 U.S. Environmental Protection Agency Project bond issues include capital appreciation bonds with an original issue amount of \$30,379,142 and \$3,828,921, respectively. These

bonds are recorded in the amounts of \$66,513,366 (\$84,135,000 ultimate maturity less \$17,621,634 discount) and \$10,935,422 (\$25,275,000 ultimate maturity less \$1,694,578 accreted principal less \$12,645,000 principal paid), respectively, which is the accreted value at June 30, 2012. These bonds mature in the years from 2013 to 2021.

E ANNUAL REQUIREMENTS

The annual requirements to pay principal and interest on the long term obligations at June 30, 2012 are as follows:

Fiscal Year	Annual Requirements				
	Bonds Payable			Notes Payable	
	Principal	Interest	Interest Rate Swaps, Net*	Principal	Interest
2013	\$29,690,000	\$50,735,353	\$2,379,799	\$961,717	\$1,956,648
2014	28,695,000	50,199,036	2,194,363	577,951	1,922,785
2015	29,405,000	49,634,737	2,035,575	9,857,520	1,824,714
2016	25,915,000	49,063,658	1,871,355	638,602	1,712,677
2017	26,785,000	48,426,120	1,700,754	671,274	1,680,005
2018-2022	136,445,000	232,464,516	5,874,657	33,233,714	7,236,967
2023-2027	156,350,000	208,073,990	1,652,398		
2028-2032	197,735,000	166,948,981			
2033-2037	519,805,000	66,365,515			
2038-2042	34,260,000	3,007,745			
Total Requirements	\$1,185,085,000	\$924,919,651	\$17,708,901	\$45,940,778	\$16,333,796

Interest on the variable rate General Revenue Bonds 2001B is calculated at 0.15% at June 30, 2012.

Interest on the variable rate General Revenue Bonds 2001C is calculated at 0.14% at June 30, 2012.

Interest rates are reset each week by the remarketing agent based upon a combination of the University's credit rating and market conditions.

This schedule also includes the debt service requirements for debt associated with interest rate swaps. More detailed information about interest rate swaps is presented in Note 9.

*Computed using $(5.24\% - 0.180\%) \times (\$22,000,000 - \text{annual swap reduction})$ and $(3.314\% - 0.165\%) \times \$45,070,000$ notional amount.

The fiscal year 2013 principal requirements include demand bonds principal payments due for 2013 only. This differs from the amount disclosed as current in Note 8A Changes in Long-term Liabilities as the current portion of bonds payable includes all outstanding principal for the demand bonds. See Note 8C Demand Bonds.

F NOTES PAYABLE

The University was indebted for notes payable for the purposes shown in the following table:

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Beginning Balance 07/01/11	Draws	Repayments	Principal Outstanding 06/30/12
Real Property Purchases	Bank of America	1.616%	12/15/14	\$45,750,000		\$36,500,000	\$9,250,000
Real Property Purchases	Bank of America	1.396%	06/30/13		\$411,896		411,896
Real Property Purchases	Aviva	5.000%	01/01/22		36,500,000	221,118	36,278,882
Total Notes Payable				\$45,750,000	\$36,911,896	\$36,721,118	\$45,940,778

The UNC-Chapel Hill Foundation, part of the University's reporting entity, has a line of credit agreement issued by Bank of America, previously in the principal amount of up to \$6,000,000, to finance the costs of projects benefiting the Foundation and/or the University. The line of credit had a maturity date of June 30, 2011. Prior to stated maturity, Bank of America extended the maturity date to September 30, 2011 to allow for documents to be restated and amended and to reduce the commitment amount, at the request of the Foundation, from \$6,000,000 to \$3,000,000. The Foundation has since executed the renewal of the line of credit in the amount of \$3,000,000 that carries the new maturity date to June 30, 2013. Under the new commitment, advances under the line of credit accrue interest at the variable rate of the LIBOR Market Index plus 1.15 percent. An unused commitment fee is due each quarter calculated as 0.24 percent of the difference between the commitment amount and the average balance outstanding for the quarter and paid in arrears on a quarterly basis. If the Foundation utilizes the line of credit to purchase an asset on behalf of the University, and later sells such asset to the University, the University reimburses the Foundation the principal amount of the draw and all accrued interest and associated transaction expenses.

On July 1, 2009, the UNC Chapel Hill Foundation, Inc. and Chapel Hill Foundation Real Estate Holdings Inc., (collectively, the "Borrowers"; individually, the "Foundation", former, or "Real Estate Holdings", the latter), entered into a loan agreement with the Bank of America, N.A. for \$45,750,000 to fund the acquisition of student housing and rental real property.

On December 15, 2011, Real Estate Holdings transferred the condominiumized unit of Granville Towers to a newly established single asset limited liability corporation Granville Towers LLC of which Real Estate Holdings is the sole member. On the same date, Granville Towers LLC obtained a loan from Aviva Life and Annuity Company in the amount of \$36,500,000 (Aviva Loan) for which the proceeds were used to pay down the referenced purchase financing with Bank of America in the original amount of \$45,750,000. This Aviva loan is secured by a first deed of trust on the condominium unit of Granville Towers. In general, the loan is non-recourse to both Real Estate Holdings and the Foundation, except for in the following instances: fraud, misrepresentation; delinquent taxes or other assessments; misapplication of potential condemnation awards or loss between the difference in the loan amount and insurance proceeds; environmental issue on the property; and a bankruptcy filing. Loan payments are based upon a 30-year amortization, but the loan carries an actual maturity date of January 1, 2022. Dur-

ing the committed term of this loan, the interest rate is fixed at 5%, and the monthly payments of principal and interest in the combined amount of \$195,939.89; all outstanding principal and accrued but unpaid interest is due at said maturity.

On December 15, 2011, the Borrowers executed a modification agreement with Bank of America with respect to the above loan in the original amount of \$45,750,000. The original principal balance of \$45,750,000 was paid down by \$36,500,000 with proceeds from the Aviva loan; the original maturity date of July 1, 2012, was extended to December 15, 2014; and the interest rate was changed to LIBOR plus 1.37 percent. Interest payments are made quarterly, and the principal balance of the loan is due at maturity. The loan is unsecured, but is governed by a loan agreement with financial and other covenants on the Borrowers.

G ANNUITIES PAYABLE

The University participates in split-interest agreements with donors that require benefits payments for a specified period to a designated beneficiary out of assets held in trust for this purpose. At the end of the predetermined period (e.g., the lifetime of the beneficiary specified by the donor), the remaining assets of the trust revert to the University for its use or for a purpose specified by the donor. At the end of each fiscal year, annuities and life income payable to the beneficiaries is calculated using IRS issued 90CM table, taking into consideration beneficiary's age and the amount of the gift, and using IRS issued Life Table 90CM.

Note 9. Derivative Instruments

Derivative instruments held at June 30, 2012 are as follows:

		Change in Fair Value		Fair Value	
Type	Notional Amount	Classification	Increase (Decrease)	Classification	Asset (Liability)
Hedging Derivative Instruments					
Cash Flow Hedges					
Pay-fixed interest rate swap	\$100,000,000	Deferred outflow of resources	(\$22,400,279)	Hedging derivative liability	(\$33,851,212)
Pay-fixed interest rate swap	\$150,000,000	Deferred outflow of resources	(\$89,043,762)	Hedging derivative liability	(\$89,043,762)
			(\$111,444,041)		(\$122,894,974)
Investment Derivative Instruments					
Pay Fixed Interest Rate Swap					
2001B Bonds	\$19,370,000	Investment Income	(\$1,504,704)	Accounts Payable	(\$5,585,915)
Forward Foreign Currency	\$0	Investment Income	(\$1,127,704)	Accounts Payable	(\$1,127,704)
			(\$2,632,408)		(\$6,713,619)

Hedging derivative instruments held at June 30, 2012 are as follows:

Type	Objective	Notional Amount	Effective Start Date	Termination End Date	Terms
Pay-Fixed Interest Rate Swap	Hedge changes in cash flows on variable rate debt	\$100,000,000	12/01/07	12/01/36	Pay 3.314%, Receive 67% 1 Mo. LIBOR
Pay-Fixed Interest Rate Swap	Hedge changes in cash flows on variable rate debt	\$150,000,000	12/01/11	12/01/41	Pay 4.375%, Receive 67% 1 Mo. LIBOR

The fair values of interest rate swaps at the University were provided either by their financial advisor or by the counterparty. The method used by their financial advisor calculated the future net settlement payments required by the swap assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for London Interbank Offered Rate (LIBOR) due on the date of each future net settlement on the swap. The method used by their counterparty calculated the present value of all expected future payments on the swap based on forward curves discounted at current market rates.

The Lehman Brothers Special Financing, Inc. interest rate swap is reported as an investment derivative due to Lehman's bankruptcy filing in 2009. The swap was not assigned to another counterparty. Management determined that no restatement of beginning balances was necessary based on the minimal fair value.

Hedging Derivative Risks

Credit Risk: As of June 30, 2012, the University was not exposed to credit risk on its interest rate swaps because the swaps had negative fair values. However, should interest rates change and the fair value of swaps become positive, the University would be exposed to the credit risk of counterparties in the amount of the derivative's positive fair value less collateral postings by such counterparties.

Interest Rate Risk: The University is exposed to interest rate risk on its interest rate swaps which is largely offset (or expected to be offset) by rates paid on variable-rate debt. In addition, the fair values of these instruments are highly sensitive to changes in interest rates. Because rates have declined significantly since the effective dates of the swaps, both of the swaps have a negative fair value as of June 30, 2012. The fair values are calculated as of June 30, 2012. As rates rise, the value of the swaps will increase, and as rates fall the fair value of the swaps will decrease.

Basis Risk: The University is exposed to basis risk on the swaps to the extent there is a mismatch between variable bond rates paid and swap index rates received.

Termination Risk: The swap agreements use the International Swaps and Derivatives Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the University being required to make an unanticipated termination payment. The swaps may mandatorily terminate if the University fails to perform under terms of the contract.

Rollover Risk: The University is exposed to rollover risk on the \$100,000,000 swap based upon the maturity date of the underlying debt and due to the form of the debt as variable rate demand bonds.

Investment Derivative Risks

Credit Risk: As of June 30, 2012, the University was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivative's positive fair value. Should the swap have a positive fair value of more than \$1,000,000, at that point the counterparty would be required to collateralize 103 percent of their exposure.

The University does not have a formal policy regarding requiring collateral or other security to support investment derivative instruments subject to credit risk.

Interest Rate Risk: The University is exposed to interest rate risk on its interest rate swap. The fair value of this instrument is highly sensitive to interest rate changes. Because rates have changed since the effective date of the swap, the swap has a negative fair value of \$5,585,915 as of June 30, 2012. The negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the University's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The negative fair value is the calculated value as of June 30, 2012. As the yield curve rises, the value of the swap will increase and as rates fall, the value of the swap decreases. The University pays 5.24% and receives the Securities Industry and Financial Markets Association (SIFMA) Swaps Index rate. On June 30, 2012, SIFMA was 0.18%. The interest

rate swap has a notional amount of \$19,370,000 and matures November 1, 2025.

Foreign Currency Risk: Foreign currency forward contracts are utilized from time to time to minimize the risk and exposure to fluctuations in the exchange rates of foreign currencies. See Note 2 Deposits and Investments for further information about the University's exposure to foreign currency risk.

Note 10. Lease Obligations

A CAPITAL LEASE OBLIGATIONS

Capital lease obligations for machinery and equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2012:

Fiscal Year	Amount
2013	\$55,911
Total Minimum Lease Payments	55,911
Amount Representing Interest (2.544% - 13.066% Rate of Interest)	1,537
Present Value of Future Lease Payments	\$54,374

Machinery and equipment acquired under capital lease amounted to \$493,270 at June 30, 2012. Depreciation for the capital assets associated with capital leases is included in depreciation expense.

B OPERATING LEASE OBLIGATIONS

Future minimum lease payments under non-cancelable operating leases for equipment, buildings and land consist of the following at June 30, 2012:

Fiscal Year	Amount
2013	\$4,387,719
2014	1,404,590
2015	1,033,562
2016	149,558
Total Minimum Lease Payments	\$6,975,429

Rental expense for all operating leases during the year was \$21,902,484.

Note 11. Revenues

A summary of eliminations and allowances by revenue classification is presented as follows:

	Gross Revenues	Internal Sales Eliminations	Less Scholarship Discounts	Less Change in Allowance for Uncollectibles	Less Indigent Care and Contractual Adjustments	Net Revenues
<i>Operating Revenues</i>						
Student Tuition and Fees	\$398,365,598		\$75,670,001	\$2,160,255		\$320,535,342
Patient Services	\$728,946,789			\$454,975	\$447,820,897	\$280,670,917
<i>Sales and Services</i>						
Professional Income	\$118,303,224	\$6,236,824				\$112,066,400
Residential Life	75,524,271	35,075	\$9,530,946			65,958,250
Athletic	54,661,030	32,231				54,628,799
Dining	30,946,446					30,946,446
Utilities	126,188,467	97,121,896				29,066,571
Student Stores	29,621,528	2,483,594	882,944			26,254,990
Parking	23,379,177	1,462				23,377,715
Health, Physical Education, and Recreation Services	8,233,968	500	249,212			7,984,256
Other	42,536,989	35,084,565				7,452,424
UNC Management Company	7,294,509	6,148				7,288,361
Trademark License Program	6,743,727					6,743,727
School of Government	5,517,327					5,517,327
Rental Property	4,199,347					4,199,347
Telecommunications	17,274,356	13,387,679				3,886,677
Doubletree Carolina Inn	2,815,399					2,815,399
KFBS Center	2,536,507					2,536,507
Printing/Carolina Copy	5,124,180	2,838,511				2,285,669
Repairs and Maintenance	26,550,280	24,900,697				1,649,583
Gene Therapy Center	1,645,839					1,645,839
Performing Arts Series	1,505,573					1,505,573
ERP Student Fees	1,412,138					1,412,138
Carolina Living and Learning Center	1,000,980					1,000,980
Student Union Services	402,396	179,607				222,789
Materials Management and Disbursements	3,334,212	3,300,430				33,782
Total Sales and Services	\$596,751,870	\$185,609,219	\$10,663,102	\$0	\$0	\$400,479,549
Non-operating - Non-capital Gifts	\$99,343,701			(\$101,946)		\$99,445,647

Note 12. Operating Expenses by Function

The University's operating expenses by functional classification are presented as follows:

	Salaries & Benefits	Supplies & Materials	Services	Scholarships & Fellowships	Utilities	Depreciation & Amortization	Total
Instruction	\$510,259,628	\$25,366,562	\$147,110,443		\$119,985		\$682,856,618
Research	275,691,974	48,277,216	147,631,090		501,288		472,101,568
Public Service	61,647,096	6,512,799	54,644,509		184,340		122,988,744
Academic Support	70,344,874	13,511,489	27,700,139		163,038		111,719,540
Student Services	14,271,620	689,534	11,030,849		450		25,992,453
Institutional Support	60,606,390	2,201,387	21,551,862		40,838		84,400,477
Operations and Maintenance of Plant	41,525,546	10,133,501	18,673,937		70,084,143		140,417,127
Student Financial Aid				\$96,870,511			96,870,511
Auxiliary Enterprises	341,410,859	58,206,850	189,246,629		9,737,483		598,601,821
Depreciation and Amortization						\$113,529,873	113,529,873
Total Operating Expenses	\$1,375,757,987	\$164,899,338	\$617,589,458	\$96,870,511	\$80,831,565	\$113,529,873	\$2,449,478,732

Note 13. Pension Plans

A RETIREMENT PLANS

Each permanent full time employee, as a condition of employment, is a member of either the Teachers' and State Employees' Retirement System or the Optional Retirement Program. Eligible employees can elect to participate in the Optional Retirement Program at the time of employment, otherwise they are automatically enrolled in the Teachers' and State Employees' Retirement System.

The Teachers' and State Employees' Retirement System is a cost sharing multiple employer defined benefit pension plan established by the State to provide pension benefits for employees of the State, its component units, and local boards of education. The plan is administered by the North Carolina State Treasurer.

Benefit and contribution provisions for the Teachers' and State Employees' Retirement System are established by *North Carolina General Statutes* 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contribution rates are set each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2012, these rates were set at 7.44 percent of covered payroll for employers and 6 percent of covered payroll for members.

For the current fiscal year, the University had a total payroll of \$1,160,701,233 of which \$456,662,258 was covered under the Teachers' and State Employees' Retirement System. Total employer and employee contributions for pension benefits for the year were \$33,975,672 and \$27,399,735 respectively.

Required employer contribution rates for the years ended June 30, 2011, and 2010, were 4.93 percent and 3.57 percent, respectively, while employee contributions were 6 percent each year. The University made 100 percent of its annual required contributions for the years ended June 30, 2012, 2011, and 2010, which were \$33,975,672, \$23,308,729, and \$16,632,618, respectively.

The Teachers' and State Employees' Retirement System's financial information is included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

The Optional Retirement Program (Program) is a defined contribution retirement plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Administrators and eligible faculty of the University may join the Program instead of the Teachers' and State Employees' Retirement System. The Board of Governors of The University of North Carolina is responsible for the administration of the Program and designates the companies authorized to offer investment products or the trustee responsible for the investment of contributions under the Program and approves the form and contents of the contracts and trust agreements.

Participants in the Program are immediately vested in the value of employee contributions. The value of employer contributions is vested after five years of participation in the

Program. Participants become eligible to receive distributions when they terminate employment or retire.

Participant eligibility and contributory requirements are established by General Statute 135-5.1. Employer and member contribution rates are set each year by the North Carolina General Assembly. For the year ended June 30, 2012, these rates were set at 6.84 percent of covered payroll for employers and 6 percent of covered payroll for members. The University assumes no liability other than its contribution.

For the current fiscal year, the University had a total payroll of \$1,160,701,233 of which \$483,887,307 was covered under the Optional Retirement Program. Total employer and employee contributions for pension benefits for the year were \$33,097,892 and \$29,033,238, respectively.

B DEFERRED COMPENSATION AND SUPPLEMENTAL RETIREMENT INCOME PLANS

IRC Section 457 Plan: The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the North Carolina Public Employee Deferred Compensation Plan (the Plan). The Plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, death, disability, retirement, or financial hardships if approved by the Board of Trustees of the Plan. The Board, a part of the North Carolina Department of Administration, maintains a separate fund for the exclusive benefit of the participating employees and their beneficiaries, the North Carolina Public Employee Deferred Compensation Trust Fund. The Board also contracts with an external third party to perform certain administrative requirements and to manage the trust fund's assets. All costs of administering and funding the Plan are the responsibility of the Plan participants. The plan administrator is Prudential Financial, Inc. No costs are incurred by the University. The voluntary contributions by employees amounted to \$8,884,339 for the year ended June 30, 2012.

IRC Section 401(k) Plan: All members of the Teachers' and State Employees' Retirement System and the Optional Retirement Program are eligible to enroll in the Supplemental Retirement Income Plan, a defined contribution plan, created under Internal Revenue Code Section 401(k). All costs of administering the Plan are the responsibility of the Plan participants. The plan administrator is Prudential Financial, Inc. No costs are incurred by the University except for a 5 percent employer contribution for the University's law enforcement officers,

which is mandated under General Statute 143-166.30(e). Total employer contributions on behalf of University law enforcement officers for the year ended June 30, 2012, were \$125,130. The voluntary contributions by employees amounted to \$3,601,213 for the year ended June 30, 2012.

IRC Section 403(b) and 403(b)(7) Plans: Eligible University employees can participate in tax sheltered annuity plans created under Internal Revenue Code Sections 403(b) and 403(b)(7). The employee's eligible contributions, made through salary reduction agreements, are exempt from federal and state income taxes until the annuity is received or the contributions are withdrawn. These plans are exclusively for employees of universities and certain charitable and other non-profit institutions. All costs of administering and funding these plans are the responsibility of the Plan participants. The plan administrators are Fidelity Investments and TIAA-CREF. No costs are incurred by the University. The voluntary contributions by employees amounted to \$24,352,285 for the year ended June 30, 2012.

Note 14. Other Postemployment Benefits

A HEALTH BENEFITS

The University participates in the Comprehensive Major Medical Plan (the Plan), a cost sharing, multiple employer defined benefit health care plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System or the Optional Retirement Program. Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

The Plan's benefit and contribution provisions are established by the State Treasurer and the Board of Trustees of the State Health Plan for Teachers and State Employees as authorized by Chapter 135, Article 3B, of the *General Statutes*. The Plan does not provide for automatic post retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System and contributions to the fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and

disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay as you go basis, are determined by the State Treasurer and the Board of Trustees of the State Health Plan for Teachers and State Employees.

For the current fiscal year the University contributed 5.0 percent of the covered payroll under the Teachers' and State Employees' Retirement System and the Optional Retirement Program to the Fund. Required contribution rates for the years ended June 30, 2011, and 2010, were 4.9 percent and 4.5 percent, respectively. The University made 100 percent of its annual required contributions to the Plan for the years ended June 30, 2012, 2011, and 2010, which were \$47,027,478, \$46,527,281, and \$41,953,228, respectively. The University assumes no liability for retiree health care benefits provided by the programs other than its required contribution.

Additional detailed information about these programs can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.nc.gov/> and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

B DISABILITY INCOME

The University participates in the Disability Income Plan of North Carolina (DIPNC), a cost sharing, multiple employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of the Teachers' and State Employees' Retirement System and the Optional Retirement Program. Benefit and contribution provisions are established by Chapter 135, Article 6, of the *General Statutes*, and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post retirement benefit increases.

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2012, the University made a statutory contribution of 0.52 percent of covered payroll under the Teachers' and State Employees' Retirement System and the Optional Retirement Program to the DIPNC. Required contribution rates for the years ended June 30, 2011 and 2010, were 0.52 percent and 0.52 percent, respectively. The University made 100 percent of its annual required contributions to the DIPNC for the years ended June 30, 2012, 2011, and 2010, which were \$4,890,858,

\$4,937,589, and \$4,847,929 respectively. The University assumes no liability for long-term disability benefits under the Plan other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*.

Note 15. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. Settled claims have not exceeded coverage in any of the past three fiscal years.

Public Officers and Employees Liability Insurance: The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the state provides excess public officers' and employees' liability insurance up to \$10,000,000 per employee through a contract with a private insurance company. The University pays the premium, based on a composite rate, directly to the private insurer.

UNC Investment Fund, LLC (blended component unit) Liability Insurance: The UNC Investment Fund, LLC (UNC Investment Fund) is exposed to various risks of loss related to torts, theft of assets, and errors and omissions. The UNC Management Company, Inc. (Management Company) is a separate legal entity from The University of North Carolina System and the University. However, the Management Company's employees conduct UNC Investment Fund's affairs. Therefore, exposures to loss are handled by the purchase of commercial insurance by the Management Company. This insurance is independent of the risk management programs of The University of North Carolina System and the University.

Fire and Other Property Loss: The University is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the state. Such coverage is provided at no cost to the University for operations supported by the state's General Fund. Other operations not supported by the state's General Fund

are charged for the coverage. The University has opted to purchase additional coverages offered by the Fund. Examples of this additional coverage include special form (all-risk) and business interruption insurance for certain property exposures. Losses covered by the Fund are subject to a \$5,000 per occurrence deductible.

Automobile Liability Insurance: All state owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are \$1,000,000 per claim and \$10,000,000 per occurrence. The University pays premiums to the North Carolina Department of Insurance for the coverage.

Employee and Computer Fraud: The University is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. Universities are charged a premium by the private insurance company. Coverage limit is \$5,000,000 per occurrence. The private insurance company pays 90 percent of each loss less a \$75,000 deductible.

Other authorized coverage not handled by the North Carolina Department of Insurance is purchased through the state's insurance agent of record. Examples include, but are not limited to, fine arts, boiler and machinery, medical professional liability, athletic accident and revenues, and study abroad health insurance.

Comprehensive Major Medical Plan: University employees and retirees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan has contracted with third parties to process claims.

The North Carolina Workers' Compensation Program provides benefits to workers injured on the job. All employees of the state and its component units are included in the program. When an employee is injured, the University's primary responsibility is to arrange for and provide the necessary treatment for work related injury. The University is responsible for paying medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The University retains the risk for workers' compensation.

Liability Insurance Trust Fund: The University participates in the Liability Insurance Trust Fund (Trust Fund),

a claims-servicing public entity risk pool for healthcare professional liability protection. The Trust Fund services professional liability claims, managing separate accounts for each participant from which the losses of that participant are paid. Although participant assessments are determined on an actuarial basis, ultimate liability for claims remains with the participants and, accordingly, the insurance risks are not transferred to the Trust Fund.

The Trust Fund is an unincorporated entity created by Chapter 116, Article 26, of the *North Carolina General Statutes* and The University of North Carolina Board of Governors Resolution of June 9, 1978. The Trust Fund is a self-insurance program established to provide professional medical malpractice liability covering The University of North Carolina Hospitals at Chapel Hill (UNC Hospitals) and The University of North Carolina at Chapel Hill Physicians and Associates (UNC P&A), the program participants. The Trust Fund provides coverage for program participants and individual health care practitioners working as employees, agents, or officers of program participants. The Trust Fund is exempt from federal and state income taxes, and is not subject to regulation by the North Carolina Department of Insurance.

Participation in the Trust Fund is open to the University of North Carolina, any constituent institution of the University of North Carolina, the UNC Hospitals, and any health care institution, agency or entity that has an affiliation agreement with the University of North Carolina, with a constituent institution of the University of North Carolina, or with the UNC Hospitals. Only UNC P&A and UNC Hospitals have participated in the Trust Fund to date. Participants provide management and administrative services to the Trust Fund at no cost.

The Trust Fund is governed by the Liability Insurance Trust Fund Council (the Council). The Council consists of 13 members as follows: one member each appointed by the State Attorney General, the State Insurance Commissioner, the Director of the Office of State Budget and Management, the State Treasurer, (each serving at the pleasure of the appointer); and nine members appointed by the UNC System's Board of Governors.

The Trust Fund establishes claim liabilities based on estimates of the ultimate cost of claims (including future expenses and claim adjustment expenses) that have been reported but not settled and of claims incurred but not reported. Claim liabilities are recomputed annually based on an independent actuary's study to produce current estimates that reflect recent settlements, claims frequency, inflation, and other factors. Participant assessments are determined at a

level to fund claim liabilities, discounted for future investment earnings. Each participant is required by statute to maintain a fund balance of \$100,000 at all times. Participants are subject to additional premium assessments in the event of deficiencies.

For the period July 1, 2011 through June 30, 2012, the Trust Fund provided coverage on an occurrence basis of \$3,000,000 per individual and \$7,000,000 in the aggregate per claim. Effective July 1, 2006, in lieu of purchasing commercial reinsurance, participants contributed approximately \$10,000,000 to a reimbursement fund for future losses. Prior to July 1, 2006, the Trust Fund entered into an excess of loss agreement with an unaffiliated reinsurer.

For the fiscal year ending June 30, 2012, the Trust Fund purchased a direct insurance policy to cover the first \$1,000,000 per occurrence and \$3,000,000 in the aggregate for dental residents. *North Carolina General Statutes* Chapter 116 was amended during 1987 to authorize the Trust Fund to borrow necessary amounts up to \$30,000,000, in the event that the Trust Fund may have insufficient funds to pay existing and future claims. Any such borrowing would be repaid from the assets and revenues of program participants. No line of credit or borrowing has been established pursuant to this authorization. The Council believes adequate funds are on deposit in the Trust Fund to meet estimated losses based upon the results of the independent actuary's report.

The Trust Fund has purchased annuity contracts to settle claims for which the claimant has signed an agreement releasing the Fund from further obligation. The related claim liabilities have been removed from estimated malpractice costs.

The Council may choose to terminate the Trust Fund, or the respective participants may choose to terminate their participation. In the event of such termination by either the Council or a participant, an updated actuarial study will be performed to determine amounts due to or from the participants based on loss experience up to the date of termination.

At June 30, 2012, University assets in the Trust Fund totaled \$33,136,477 while University liabilities totaled \$26,201,049 resulting in net assets of \$6,935,428.

Additional disclosures about the funding status and obligations of the Trust Fund are set forth in the Audited Financial Statements of the Liability Insurance Trust Fund. Copies of this report may be obtained from The University of North Carolina Health Care System, 211 Friday Center Drive, Hedrick Building, Room 2029, Chapel Hill, NC 27517.

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.16 percent for the current fiscal year.

Additional details on the state administered risk management programs are disclosed in the State's *Comprehensive Annual Financial Report*, issued by the Office of the State Controller.

Note 16. Commitments and Contingencies

A COMMITMENTS

The University has commitments of \$150,758,351 for various capital improvements projects that include construction and completion of new buildings, and renovations of existing buildings.

The UNC Investment Fund, LLC (UNC Investment Fund) has entered into agreements with limited partnerships to invest capital. These agreements represent the funding of capital over a designated period of time and are subject to adjustments. As of June 30, 2012, the UNC Investment Fund had approximately \$568,403,038 unfunded committed capital.

B PENDING LITIGATION AND CLAIMS

The University is undertaking environmental remediation efforts on the Old Sanitary Landfill. The amount of the liability associated with this site cannot reasonably be estimated at this time.

The University is a party to other litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. University management believes that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the University.

C OTHER CONTINGENT RECEIVABLES

The University has received notification of other gifts and grants for which funds have not been disbursed by the resource provider and for which conditions attached to the gift or grant have not been satisfied or, in the case of permanent endowments, cannot begin to be satisfied. In accordance with accounting principles generally accepted in the United States of America, these amounts have not been recorded on the accompanying financial statements. The purpose and amount of other contingent receivables at year-end is as follows:

Purpose	Amount
Pledges to permanent endowments	\$23,880,692

Note 17. Related Parties

There are 14 separately incorporated non-profit foundations associated with the University. These foundations are the Botanical Garden Foundation, Inc., The Dental Alumni Association, Inc., The Dental Foundation of North Carolina, Inc., The Educational Foundation, Inc., The General Alumni Association, The School of Government Foundation, Inc., The Morehead-Cain Scholarship Fund, The Pharmacy Foundation of North Carolina, Inc., The School of Journalism and Mass Communication Foundation of North Carolina, Inc., The University of North Carolina at Chapel Hill Public Health Foundation, Inc., The University of North Carolina at Chapel Hill School of Nursing Foundation, Inc., The School of Social Work Foundation, Inc., James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. and Carolina for Kibera, Inc. Some of these organizations serve, in conjunction with the University's component units (See Note 1A), as the primary fundraising arm of the University through which individuals, corporations, and other organizations support University programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific colleges and the University's overall academic environment. The alumni associations provide educational opportunities or other services to alumni. The University's financial statements do not include the assets, liabilities, net assets, or operational transactions of these organizations, except for support from each organization to the University. This support totaled \$26,003,801 for the year ended June 30, 2012.

Note 18. Investment in Joint Venture

The University is a member of the Southern Observatory for Astronomical Research Consortium (SOAR), a joint venture accounted for under the equity method. The University is partners with Michigan State University, the Association of Universities for Research in Astronomy, and the Ministry of Science and Technology of the Federal Republic of Brazil. SOAR designed, constructed, and now operates a 4.0-meter telescope with instrumentation and related support buildings located at Cerro Pachon, a mountain in central Chile. The SOAR agreement allocates the University 16.7 percent of observing time until 2023. The audited financial statements for SOAR may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

Note 19. Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2012, the University implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

GASB Statement No. 64 sets forth criteria used to establish when an effective hedging relationship continues and hedge accounting should continue to be applied when the swap counterparty or a swap counterparty's credit support provider has been replaced.

Note 20. Subsequent Events

On July 10, 2012 the Board of Governors of the University of North Carolina System issued \$127,095,000 in Series 2012C taxable fixed rate bonds. These bonds will bear interest from that date. Interest on the bonds will be payable semiannually on each December 1 and June 1, commencing on December 1, 2012. The bonds will mature from December 1, 2013 to December 1, 2033 and were issued at coupon rates ranging from 0.35% to 3.596%. The bonds were issued to provide for the refunding of all the outstanding principal amount of the outstanding General Revenue Bonds, Series 2001A and the advance refunding of the General Revenue Bonds, Series 2003.

On July 18, 2012 the Board of Governors of the University of North Carolina System issued \$100,000,000 in Series 2012A and \$100,000,000 in Series 2012B tax-exempt floating rate notes. The bonds will bear interest from that date. Interest on the bonds will be payable on the first business day of each month, commencing on August 1, 2012. The stated maturity date of the Series 2012A and Series 2012B Bonds is December 1, 2041. However, the Series 2012A Bond has an index tender date of December 1, 2015 and the Series 2012B Bond has an index tender date of December 1, 2017. The bonds were issued to provide funds for future capital projects and refunding of outstanding commercial paper.



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LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
Invested in Capital Assets	\$1,645,959	\$1,587,446	\$1,420,104	\$1,338,833	\$1,290,034	\$1,211,805	\$1,119,040	\$1,017,383	\$855,740	\$771,281
Restricted, Non-expendable	700,687	656,723	621,873	586,175	548,151	493,305	430,316	378,234	328,735	323,961
Restricted, Expendable	990,908	1,007,536	891,182	837,154	1,199,280	1,086,353	853,133	736,631	648,019	559,128
Unrestricted	896,092	851,254	778,439	700,280	671,970	617,573	525,513	475,631	408,705	370,816
Total Net Assets	\$4,233,646	\$4,102,959	\$3,711,598	\$3,462,442	\$3,709,435	\$3,409,036	\$2,928,002	\$2,607,879	\$2,241,199	\$2,025,186

EXPRESSED AS A PERCENT OF THE TOTAL

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	%	%	%	%	%	%	%	%	%	%
Invested in Capital Assets	38.9	38.7	38.3	38.7	34.8	35.5	38.2	39.0	38.2	38.1
Restricted, Non-expendable	16.5	16.0	16.7	16.9	14.8	14.5	14.7	14.5	14.7	16.0
Restricted, Expendable	23.4	24.6	24.0	24.2	32.3	31.9	29.2	28.2	28.9	27.6
Unrestricted	21.2	20.7	21.0	20.2	18.1	18.1	17.9	18.3	18.2	18.3
Total Net Assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

PERCENTAGE INCREASE (DECREASE) FROM PRIOR YEAR

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	%	%	%	%	%	%	%	%	%	%
AS RESTATED										
Invested in Capital Assets	3.7	11.8	6.1	3.8	6.5	8.3	10.0	18.9	11.0	n/a
Restricted, Non-expendable	6.7	5.6	6.1	6.9	11.1	14.6	13.8	15.1	1.5	n/a
Restricted, Expendable	(1.7)	13.1	6.5	(30.2)	10.4	27.3	15.8	13.7	15.9	n/a
Unrestricted	5.3	9.4	11.2	4.2	8.8	17.5	10.5	16.4	10.2	n/a
Total Net Assets	3.2	10.5	7.2	(6.7)	8.8	16.4	12.3	16.4	10.7	n/a

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
REVENUES										
<i>Operating Revenues</i>										
Student tuition and fees, net	\$320,535	\$289,897	\$249,083	\$236,960	\$218,763	\$210,651	\$195,882	\$164,457	\$153,943	\$146,961
Patient services, net	280,671	280,035	242,757	237,966	214,706	197,221	184,324	172,063	172,877	131,256
Federal grants and contracts	578,702	571,288	530,368	471,680	447,793	429,059	422,229	403,100	384,618	356,845
State and local grants and contracts	41,953	38,251	37,679	29,091	51,207	45,256	41,842	39,816	39,793	34,289
Non-governmental grants and contracts	105,191	146,081	120,674	123,649	115,513	92,572	89,976	81,560	75,388	64,547
Sales and services, net	400,480	373,706	354,439	321,505	349,372	324,432	301,303	290,397	270,351	262,106
Interest earnings on loans	849	842	790	801	666	679	672	1,441	435	281
Other operating revenues	8,148	4,836	6,485	7,835	6,232	4,574	5,283	4,167	5,233	7,283
Total operating revenues	1,736,529	1,704,936	1,542,275	1,429,487	1,404,252	1,304,444	1,241,511	1,157,001	1,102,638	1,003,568
EXPENSES										
<i>Operating Expenses</i>										
Salaries and benefits	1,375,758	1,379,178	1,340,749	1,309,862	1,210,757	1,122,269	1,042,452	966,629	917,840	876,266
Supplies and materials	164,899	162,999	156,404	174,501	161,219	165,704	152,911	148,440	151,196	146,986
Services	617,589	614,928	538,784	533,023	526,646	462,093	432,212	407,690	380,126	377,856
Scholarships and fellowships	96,871	91,140	69,083	58,557	58,058	56,662	54,105	51,170	47,427	45,618
Utilities	80,832	81,471	81,210	77,636	66,197	60,727	56,277	47,870	46,208	43,915
Depreciation and amortization	113,530	102,724	90,861	70,747	66,413	80,827	64,475	60,102	60,589	53,076
Total operating expenses	2,449,479	2,432,440	2,277,091	2,224,326	2,089,290	1,948,282	1,802,432	1,681,901	1,603,386	1,543,717
Operating loss	(712,950)	(727,504)	(734,816)	(794,839)	(685,038)	(643,838)	(560,921)	(524,900)	(500,748)	(540,149)
NON-OPERATING REVENUES (EXPENSES)										
State appropriations	486,492	520,198	509,691	518,276	543,292	492,471	440,070	406,673	380,446	368,024
State aid - federal recovery funds	0	14,480	32,062	20,051	0	0	0	0	0	0
Non-capital grants-federal student financial aid	17,899	18,946	17,099	10,170	0	0	0	0	0	0
Non-capital grants	163,440	175,600	155,014	143,846	102,932	62,669	67,388	62,544	53,154	40,995
Non-capital gifts, net	99,446	93,166	75,881	87,226	113,094	73,637	68,824	73,693	68,517	60,888
Investment income (loss), net	33,134	208,184	103,605	(296,904)	146,650	317,767	207,423	154,900	135,369	47,398
Interest and fees on debt	(64,321)	(56,765)	(64,261)	(52,465)	(53,311)	(42,926)	(39,921)	(21,823)	(18,339)	(15,681)
Federal interest subsidy on debt	2,274	2,273	1,130	0	0	0	0	0	0	0
Other non-operating revenues (expenses)	(6,053)	(2,670)	(14,219)	2,359	851	146	(230)	8,374	(8,132)	(1,899)
Net non-operating revenues	732,311	973,412	816,002	432,559	853,508	903,764	743,554	684,361	611,015	499,725
Income before other revenues	19,361	245,908	81,186	(362,280)	168,470	259,926	182,633	159,461	110,267	(40,424)
Capital appropriations	0	0	0	12,539	47,206	52,888	15,776	5,166	898	0
Refund of prior years capital appropriations	0	(81)	(444)	(3,317)	0	0	0	0	0	0
Capital grants	78,133	91,864	86,117	27,124	12,885	118,850	52,277	152,844	74,392	72,486
Capital gifts	5,630	9,149	50,688	34,686	11,596	15,662	13,368	11,521	6,359	7,553
Additions to endowments	27,563	44,521	31,609	44,255	60,242	39,442	56,069	37,688	24,098	21,153
Increase (Decrease) in Net Assets	\$130,687	\$391,361	\$249,156	(\$246,993)	\$300,399	\$486,768	\$320,123	\$366,680	\$216,014	\$60,768

CHANGES IN NET ASSETS (CONT'D)

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
Total Revenues	\$2,650,540	\$2,883,317	\$2,605,171	\$2,330,019	\$2,443,000	\$2,477,976	\$2,162,706	\$2,070,404	\$1,845,871	\$1,622,065
Total Expenses	2,519,853	2,491,956	2,356,015	2,577,012	2,142,601	1,991,208	1,842,583	1,703,724	1,629,857	1,561,297
Increase (Decrease) in Net Assets	\$130,687	\$391,361	\$249,156	(\$246,993)	\$300,399	\$486,768	\$320,123	\$366,680	\$216,014	\$60,768
EXPRESSED AS A PERCENT OF TOTAL REVENUES / TOTAL EXPENSES										
Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	%	%	%	%	%	%	%	%	%	%
REVENUES										
<i>Operating Revenues</i>										
Student tuition & fees, net	12.1	10.1	9.6	10.2	9.0	8.5	9.1	7.9	8.3	9.1
Patient services, net	10.6	9.7	9.3	10.2	8.8	8.0	8.5	8.3	9.4	8.1
Federal grants & contracts	21.8	19.8	20.5	20.4	18.3	17.3	19.6	19.6	20.8	22.0
State and local grants & contracts	1.6	1.3	1.4	1.2	2.1	1.8	1.9	1.9	2.2	2.1
Non-governmental grants & contracts	4.0	5.1	4.6	5.3	4.7	3.7	4.2	3.9	4.1	4.0
Sales & services, net	15.1	13.0	13.6	13.8	14.3	13.1	13.9	14.0	14.6	16.2
Interest earnings on loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Other operating revenues	0.3	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.4
Total operating revenues	65.5	59.1	59.2	61.4	57.5	52.6	57.4	55.9	59.7	61.9
EXPENSES										
<i>Operating Expenses</i>										
Salaries and benefits	54.6	55.3	56.9	50.8	56.5	56.4	56.6	56.7	56.3	56.1
Supplies and materials	6.5	6.5	6.6	6.8	7.5	8.3	8.3	8.7	9.3	9.4
Services	24.5	24.7	22.9	20.7	24.6	23.2	23.5	23.9	23.3	24.2
Scholarships and fellowships	3.8	3.7	2.9	2.3	2.7	2.8	2.9	3.0	2.9	2.9
Utilities	3.2	3.3	3.4	3.0	3.1	3.0	3.1	2.8	2.8	2.8
Depreciation and amortization	4.5	4.1	3.9	2.7	3.1	4.1	3.5	3.5	3.7	3.4
Total operating expenses	92.4	84.4	87.4	95.5	85.5	78.6	83.3	81.3	86.8	95.2
Operating loss	(26.9)	(25.3)	(28.2)	(34.1)	(28.0)	(26.0)	(25.9)	(25.4)	(27.1)	(33.3)
NON-OPERATING REVENUES (EXPENSES)										
State appropriations	18.4	18.0	19.6	22.2	22.4	19.9	20.3	19.6	20.6	22.7
State aid - federal recovery funds	0.0	0.5	1.2	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Non-capital grants—federal student financial aid	0.7	0.7	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Non-capital grants	6.2	6.1	6.0	6.2	4.2	2.5	3.1	3.0	2.9	2.5
Non-capital gifts, net	3.8	3.2	2.9	3.7	4.6	3.0	3.2	3.6	3.7	3.8
Investment income (loss), net	1.3	7.2	4.0	(11.5)	6.0	12.8	9.6	7.5	7.3	2.9
Interest and fees on debt	(2.6)	(2.3)	(2.7)	(2.0)	(2.5)	(2.2)	(2.2)	(1.3)	(1.1)	(1.0)
Federal interest subsidy on debt	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-operating revenues (expenses)	(0.2)	(0.1)	(0.6)	0.1	0.0	0.0	0.0	0.4	(0.5)	(0.1)
Net non-operating revenues	27.6	33.9	31.3	18.6	34.9	36.5	34.3	33.1	33.1	30.8
Income before other revenues	0.7	8.6	3.1	(15.5)	6.9	10.5	8.4	7.7	6.0	(2.5)
Capital appropriations	0.0	0.0	0.0	0.5	1.9	2.1	0.7	0.2	0.0	0.0
Refund of prior years capital appropriations	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Capital grants	3.0	3.2	3.3	0.9	0.4	4.8	2.5	7.4	4.1	4.4
Capital gifts	0.2	0.3	1.9	1.5	0.5	0.6	0.6	0.6	0.3	0.5
Additions to endowments	1.0	1.5	1.2	1.9	2.5	1.6	2.6	1.8	1.3	1.3
Increase (Decrease) in Net Assets	4.9	13.6	9.6	(10.6)	12.3	19.6	14.8	17.7	11.7	3.7

Note: Percent of total expenses is italicized.

CHANGES IN NET ASSETS (CONTINUED)

LAST TEN FISCAL YEARS

PERCENTAGE INCREASE (DECREASE) FROM PRIOR YEAR

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	%	%	%	%	%	%	%	%	%	%
AS RESTATED										
REVENUES										
<i>Operating Revenues</i>										
Student tuition and fees, net	10.6	16.4	5.1	8.3	3.9	7.5	19.1	6.8	4.8	n/a
Patient services, net	0.2	15.4	2.0	10.8	8.9	7.0	7.1	(0.5)	31.7	n/a
Federal grants and contracts	1.3	7.7	12.4	5.3	4.4	1.6	4.7	4.8	7.8	n/a
State and local grants and contracts	9.7	1.5	29.5	(43.2)	13.1	8.2	5.1	0.1	16.1	n/a
Non-governmental grants and contracts	(28.0)	21.1	(2.4)	7.0	24.8	2.9	10.3	8.2	16.8	n/a
Sales and services, net	7.2	5.4	10.2	(8.0)	7.7	7.7	3.8	7.4	3.1	n/a
Interest earnings on loans	0.8	6.6	(1.4)	20.3	(1.9)	1.0	(53.4)	231.3	54.8	n/a
Other operating revenues	68.5	(25.4)	(17.2)	25.7	36.2	(13.4)	26.8	(20.4)	(28.1)	n/a
Total operating revenues	1.9	10.5	7.9	1.8	7.7	5.1	7.3	4.9	9.9	n/a
EXPENSES										
<i>Operating Expenses</i>										
Salaries and benefits	(0.2)	2.9	2.4	8.2	7.9	7.7	7.8	5.3	4.7	n/a
Supplies and materials	1.2	4.2	(10.4)	8.2	(2.7)	8.4	3.0	(1.8)	2.9	n/a
Services	0.4	14.1	1.1	1.2	14.0	6.9	6.0	7.3	0.6	n/a
Scholarships and fellowships	6.3	31.9	18.0	0.9	2.5	4.7	5.7	7.9	4.0	n/a
Utilities	(0.8)	0.3	4.6	17.3	9.0	7.9	17.6	3.6	5.2	n/a
Depreciation and amortization	10.5	13.1	28.4	6.5	(17.8)	25.4	7.3	(0.8)	14.2	n/a
Total operating expenses	0.7	6.8	2.4	6.5	7.2	8.1	7.2	4.9	3.9	n/a
Operating loss	(2.0)	(1.0)	(7.6)	16.0	6.4	14.8	6.9	4.8	(7.3)	n/a
NON-OPERATING REVENUES (EXPENSES)										
State appropriations	(6.5)	2.1	(1.7)	(4.6)	10.3	11.9	8.2	6.9	3.4	n/a
State aid - federal recovery funds	(100.0)	(54.8)	59.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-capital grants-federal student financial aid	(5.5)	10.8	68.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-capital grants	(6.9)	13.3	7.8	39.7	64.2	(7.0)	7.7	17.7	29.7	n/a
Non-capital gifts, net	6.7	22.8	(13.0)	(22.9)	53.6	7.0	(6.6)	7.6	12.5	n/a
Investment income (loss), net	(84.1)	100.9	134.9	(302.5)	(53.8)	53.2	33.9	14.4	185.6	n/a
Interest and fees on debt	13.3	(11.7)	22.5	(1.6)	24.2	7.5	82.9	19.0	17.0	n/a
Federal interest subsidy on debt	0.0	101.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other non-operating revenues (expenses)	126.7	(81.2)	(702.8)	177.2	482.9	163.5	(102.7)	203.0	(328.2)	n/a
Net non-operating revenues	(24.8)	19.3	88.6	(49.3)	(5.6)	21.5	8.6	12.0	22.3	n/a
Income before other revenues	(92.1)	202.9	122.4	(315.0)	(35.2)	42.3	14.5	44.6	372.8	n/a
Capital appropriations	0.0	0.0	(100.0)	(73.4)	(10.7)	235.2	205.4	475.3	n/a	n/a
Refund of prior years capital appropriations	(100.0)	(81.8)	(86.6)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital grants	(14.9)	6.7	217.5	110.5	(89.2)	127.3	(65.8)	105.5	2.6	n/a
Capital gifts	(38.5)	(82.0)	46.1	199.1	(26.0)	17.2	16.1	81.2	(15.8)	n/a
Additions to endowments	(38.1)	40.8	(28.6)	(26.5)	52.7	(29.7)	48.8	56.4	13.9	n/a
Increase (Decrease) in Net Assets	(66.6)	57.1	200.9	(182.2)	(38.3)	52.1	(12.7)	69.7	255.5	n/a

CHANGES IN NET ASSETS ADJUSTED FOR INFLATION

LAST TEN FISCAL YEARS (2003 DOLLARS)

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
REVENUES										
<i>Operating Revenues</i>										
Student tuition and fees, net	\$239,897	\$221,281	\$194,239	\$186,681	\$176,374	\$179,117	\$172,093	\$152,239	\$148,695	\$146,961
Patient services, net	210,062	213,753	189,306	187,474	173,103	167,698	161,938	159,280	166,983	131,256
Federal grants and contracts	433,117	436,070	413,590	371,598	361,026	364,830	370,951	373,154	371,506	356,845
State and local grants and contracts	31,399	29,197	29,383	22,918	41,285	38,481	36,760	36,858	38,436	34,289
Non-governmental grants and contracts	78,728	111,505	94,104	97,413	93,130	78,714	79,049	75,501	72,818	64,547
Sales and services, net	299,730	285,253	276,397	253,288	281,675	275,866	264,711	268,823	261,134	262,106
Interest earnings on loans	635	643	616	631	537	577	590	1,334	420	281
Other operating revenues	6,098	3,691	5,057	6,173	5,024	3,889	4,641	3,857	5,055	7,283
Total operating revenues	1,299,666	1,301,393	1,202,692	1,126,176	1,132,154	1,109,172	1,090,733	1,071,046	1,065,047	1,003,568
EXPENSES										
<i>Operating Expenses</i>										
Salaries and benefits	1,029,655	1,052,740	1,045,538	1,031,934	976,152	954,269	915,849	894,818	886,550	876,266
Supplies and materials	123,415	124,419	121,966	137,475	129,980	140,899	134,340	137,412	146,042	146,986
Services	462,221	469,381	420,153	419,925	424,599	392,919	379,721	377,403	367,167	377,856
Scholarships and fellowships	72,501	69,568	53,872	46,132	46,808	48,180	47,534	47,369	45,810	45,618
Utilities	60,497	62,188	63,329	61,163	53,370	51,636	49,442	44,314	44,633	43,915
Depreciation and amortization	84,969	78,410	70,855	55,736	53,544	68,727	56,645	55,637	58,523	53,076
Total operating expenses	1,833,258	1,856,706	1,775,713	1,752,365	1,684,453	1,656,630	1,583,531	1,556,953	1,548,725	1,543,717
Operating loss	(533,592)	(555,313)	(573,021)	(626,189)	(552,299)	(547,458)	(492,798)	(485,907)	(483,678)	(540,149)
NON-OPERATING REVENUES (EXPENSES)										
State appropriations	364,104	397,072	397,465	408,307	438,020	418,750	386,625	376,461	367,476	368,024
State aid—federal recovery funds	0	11,053	25,002	15,797	0	0	0	0	0	0
Non-capital grants—federal student financial aid	13,396	14,462	13,334	8,012	0	0	0	0	0	0
Non-capital grants	122,323	134,037	120,882	113,325	82,987	53,288	59,204	57,898	51,342	40,995
Non-capital gifts, net	74,428	71,115	59,173	68,718	91,180	62,614	60,466	68,218	66,181	60,888
Investment income (loss), net	24,798	158,909	80,793	(233,906)	118,234	270,198	182,232	143,392	130,754	47,398
Interest and fees on debt	(48,140)	(43,329)	(50,112)	(41,333)	(42,981)	(36,500)	(35,073)	(20,202)	(17,714)	(15,681)
Federal interest subsidy on debt	1,702	1,735	881	0	0	0	0	0	0	0
Other non-operating revenues (expenses)	(4,530)	(2,038)	(11,088)	1,858	686	124	(202)	7,752	(7,855)	(1,899)
Net non-operating revenues	548,081	743,016	636,330	340,778	688,126	768,474	653,252	633,519	590,184	499,725
Income before other revenues	14,489	187,703	63,309	(285,411)	135,827	221,016	160,454	147,612	106,506	(40,424)
Capital appropriations	0	0	0	9,878	38,059	44,971	13,860	4,782	867	0
Refund of prior years capital appropriations	0	(62)	(346)	(2,613)	0	0	0	0	0	0
Capital grants	58,477	70,121	67,155	21,369	10,388	101,059	45,928	141,489	71,856	72,486
Capital gifts	4,214	6,984	39,527	27,326	9,349	13,317	11,744	10,665	6,142	7,553
Additions to endowments	20,629	33,983	24,649	34,865	48,569	33,538	49,260	34,888	23,276	21,153
Increase (Decrease) in Net Assets	\$97,809	\$298,729	\$194,294	(\$194,586)	\$242,192	\$413,901	\$281,246	\$339,436	\$208,647	\$60,768
Higher Education Price Index (HEPI)	318.0	311.8	305.2	302.1	295.2	279.9	270.9	257.1	246.4	238.0

CHANGES IN NET ASSETS ADJUSTED FOR INFLATION (CONTINUED)

LAST TEN FISCAL YEARS (2003 DOLLARS)

Fiscal Year Ended June 30,	PERCENTAGE INCREASE (DECREASE) FROM PRIOR YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	%	%	%	%	%	%	%	%	%	%
AS RESTATED										
REVENUES										
<i>Operating Revenues</i>										
Student tuition and fees, net	8.4	13.9	4.0	5.8	(1.5)	4.1	13.0	2.4	1.2	n/a
Patient services, net	(1.7)	12.9	1.0	8.3	3.2	3.6	1.7	(4.6)	27.2	n/a
Federal grants and contracts	(0.7)	5.4	11.3	2.9	(1.0)	(1.7)	(0.6)	0.4	4.1	n/a
State and local grants and contracts	7.5	(0.6)	28.2	(44.5)	7.3	4.7	(0.3)	(4.1)	12.1	n/a
Non-governmental grants and contracts	(29.4)	18.5	(3.4)	4.6	18.3	(0.4)	4.7	3.7	12.8	n/a
Sales and services, net	5.1	3.2	9.1	(10.1)	2.1	4.2	(1.5)	2.9	(0.4)	n/a
Interest earnings on loans	(1.2)	4.4	(2.4)	17.5	(6.9)	(2.2)	(55.8)	217.6	49.5	n/a
Other operating revenues	65.2	(27.0)	(18.1)	22.9	29.2	(16.2)	20.3	(23.7)	(30.6)	n/a
Total operating revenues	(0.1)	8.2	6.8	(0.5)	2.1	1.7	1.8	0.6	6.1	n/a
EXPENSES										
<i>Operating Expenses</i>										
Salaries and benefits	(2.2)	0.7	1.3	5.7	2.3	4.2	2.4	0.9	1.2	n/a
Supplies and materials	(0.8)	2.0	(11.3)	5.8	(7.7)	4.9	(2.2)	(5.9)	(0.6)	n/a
Services	(1.5)	11.7	0.1	(1.1)	8.1	3.5	0.6	2.8	(2.8)	n/a
Scholarships and fellowships	4.2	29.1	16.8	(1.4)	(2.8)	1.4	0.3	3.4	0.4	n/a
Utilities	(2.7)	(1.8)	3.5	14.6	3.4	4.4	11.6	(0.7)	1.6	n/a
Depreciation and amortization	8.4	10.7	27.1	4.1	(22.1)	21.3	1.8	(4.9)	10.3	n/a
Total operating expenses	(1.3)	4.6	1.3	4.0	1.7	4.6	1.7	0.5	0.3	n/a
Operating loss	(3.9)	(3.1)	(8.5)	13.4	0.9	11.1	1.4	0.5	(10.5)	n/a
NON-OPERATING REVENUES (EXPENSES)										
State appropriations	(8.3)	(0.1)	(2.7)	(6.8)	4.6	8.3	2.7	2.4	(0.1)	n/a
State aid - federal recovery funds	(100.0)	(55.8)	58.3	100.0	n/a	n/a	n/a	n/a	n/a	n/a
Non-capital grants—federal student financial aid	(7.4)	8.5	66.4	100.0	n/a	n/a	n/a	n/a	n/a	n/a
Non-capital grants	(8.7)	10.9	6.7	36.6	55.7	(10.0)	2.3	12.8	25.2	n/a
Non-capital gifts, net	4.7	20.2	(13.9)	(24.6)	45.6	3.6	(11.4)	3.1	8.7	n/a
Investment income (loss), net	(84.4)	96.7	(134.5)	(297.8)	(56.2)	48.3	27.1	9.7	175.9	n/a
Interest and fees on debt	11.1	(13.5)	21.2	(3.8)	17.8	4.1	73.6	14.0	13.0	n/a
Federal interest subsidy on debt	(1.9)	96.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other non-operating revenues (expenses)	122.3	(81.6)	(696.8)	170.8	453.2	(161.4)	(102.6)	(198.7)	313.6	n/a
Net non-operating revenues	(26.2)	16.7	86.7	(50.5)	(10.5)	17.6	3.1	7.3	18.1	n/a
Income before other revenues	(92.3)	196.5	122.2	(310.1)	(38.5)	37.7	8.7	38.6	(363.5)	n/a
Capital appropriations	0.0	0.0	(100.0)	(74.0)	(15.4)	224.5	189.8	451.6	n/a	n/a
Refund of prior years capital appropriations	(100.0)	(82.1)	(86.8)	(100.0)	n/a	n/a	n/a	n/a	n/a	n/a
Capital grants	(16.6)	4.4	214.3	105.7	(89.7)	120.0	(67.5)	96.9	(0.9)	n/a
Capital gifts	(39.7)	(82.3)	44.6	192.3	(29.8)	13.4	10.1	73.6	(18.7)	n/a
Additions to endowments(38.1)	(39.3)	(29.3)	(28.2)	44.8	(31.9)	41.2	49.9	10.0	n/a	
Increase (Decrease) in Net Assets	(67.3)	53.7	199.9	(180.3)	(41.5)	47.2	(17.1)	62.7	243.4	n/a

OPERATING EXPENSES BY FUNCTION

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>Operating Expenses by Function</i>										
Instruction	\$682,857	\$698,770	\$684,836	\$674,942	\$662,228	\$624,128	\$595,319	\$575,951	\$532,927	\$531,123
Research	472,102	468,685	431,317	398,754	358,199	312,160	285,646	271,208	257,945	247,434
Public Service	122,989	137,279	138,044	126,427	95,618	90,025	85,330	83,005	78,276	75,410
Academic Support	111,719	105,883	107,806	107,371	106,613	97,776	86,229	75,384	75,693	70,888
Student Services	25,992	28,320	26,961	27,967	28,434	25,865	23,957	21,653	20,488	19,491
Institutional Support	84,400	91,558	83,962	89,954	86,549	76,188	71,609	67,426	64,732	63,461
Operations and Maintenance of Plant	140,417	145,270	136,008	145,550	133,031	124,991	111,720	92,860	87,891	86,451
Student Financial Aid	96,871	91,140	69,083	58,557	58,058	56,662	54,105	51,170	47,427	45,618
Auxiliary Enterprises	598,602	562,811	508,213	524,057	494,147	459,660	424,042	383,142	377,418	350,765
Depreciation and amortization	113,530	102,724	90,861	70,747	66,413	80,827	64,475	60,102	60,589	53,076
Total Operating Expenses by Function	\$2,449,479	\$2,432,440	\$2,277,091	\$2,224,326	\$2,089,290	\$1,948,282	\$1,802,432	\$1,681,901	\$1,603,386	\$1,543,717

EXPRESSED AS A PERCENT OF THE TOTAL

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	%	%	%	%	%	%	%	%	%	%
Instruction	27.9	28.7	30.1	30.4	31.7	32.2	33.1	34.3	33.2	34.4
Research	19.3	19.3	18.9	17.9	17.2	16.0	15.8	16.1	16.1	16.0
Public Service	5.0	5.6	6.1	5.7	4.6	4.6	4.7	4.9	4.9	4.9
Academic Support	4.6	4.4	4.7	4.8	5.1	5.0	4.8	4.5	4.7	4.6
Student Services	1.1	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Institutional Support	3.4	3.8	3.7	4.0	4.1	3.9	4.0	4.0	4.0	4.1
Operations and Maintenance of Plant	5.7	6.0	6.0	6.5	6.4	6.4	6.2	5.5	5.5	5.6
Student Financial Aid	4.0	3.7	3.0	2.6	2.8	2.9	3.0	3.0	3.0	3.0
Auxiliary Enterprises	24.4	23.1	22.3	23.6	23.6	23.6	23.5	22.8	23.5	22.7
Depreciation and amortization	4.6	4.2	4.0	3.2	3.2	4.1	3.6	3.6	3.8	3.4
Total Operating Expenses by Function	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

PERCENTAGE INCREASE (DECREASE) FROM PRIOR YEAR

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	%	%	%	%	%	%	%	%	%	%
Instruction	(2.3)	2.0	1.5	1.9	6.1	4.8	3.4	8.1	0.3	n/a
Research	0.7	8.7	8.2	11.3	14.7	9.3	5.3	5.1	4.2	n/a
Public Service	(10.4)	(0.6)	9.2	32.2	6.2	5.5	2.8	6.0	3.8	n/a
Academic Support	5.5	(1.8)	0.4	0.7	9.0	13.4	14.4	(0.4)	6.8	n/a
Student Services	(8.2)	5.0	(3.6)	(1.6)	9.9	8.0	10.6	5.7	5.1	n/a
Institutional Support	(7.8)	9.0	(6.7)	3.9	13.6	6.4	6.2	4.2	2.0	n/a
Operations and Maintenance of Plant	(3.3)	6.8	(6.6)	9.4	6.4	11.9	20.3	5.7	1.7	n/a
Student Financial Aid	6.3	31.9	18.0	0.9	2.5	4.7	5.7	7.9	4.0	n/a
Auxiliary Enterprises	6.4	10.7	(3.0)	6.1	7.5	8.4	10.7	1.5	7.6	n/a
Depreciation and amortization	10.5	13.1	28.4	6.5	(17.8)	25.4	7.3	(0.8)	14.2	n/a
Total Operating Expenses by Function	0.7	6.8	2.4	6.5	7.2	8.1	7.2	4.9	3.9	n/a

REVENUE BASE

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>National Institutes of Health</i>										
Total Appropriations (000's)	\$30,689,990	\$30,986,200	\$31,246,200	\$30,553,298	\$29,465,000	\$28,626,000	\$28,586,617	\$28,495,157	\$27,887,512	\$27,066,782
percent increase from prior year	(0.96%)	(0.83%)	2.27%	3.69%	2.93%	0.14%	0.32%	2.18%	3.03%	n/a
<i>National Science Foundation</i>										
Total Appropriations (000's)	\$7,033,000	\$6,859,870	\$6,926,400	\$6,490,400	\$6,064,900	\$5,917,160	\$5,580,000	\$5,472,820	\$5,577,830	\$5,309,995
percent increase from prior year	2.52%	(0.96%)	6.72%	7.02%	2.50%	6.04%	1.96%	(1.88)%	5.04%	n/a

Sources: National Institutes of Health, National Science Foundation.

ACADEMIC YEAR TUITION AND REQUIRED FEES

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>UNC-Chapel Hill vs Association Of American Universities (AAU)</i>										
Resident Undergraduate - UNC-CH	\$7,009	\$6,665	\$5,625	\$5,397	\$5,340	\$5,033	\$4,613	\$4,451	\$4,072	\$3,856
percent increase from prior year	5.15%	18.50%	4.23%	1.07%	6.10%	9.11%	3.64%	9.31%	5.60%	n/a
AAU Public Universities (mean)	\$10,642	\$9,786	\$8,806	\$8,283	\$7,771	\$7,321	\$6,906	\$6,458	\$5,980	\$5,160
percent increase from prior year	8.75%	11.13%	6.31%	6.59%	6.15%	6.01%	6.94%	7.99%	15.89%	n/a
Non-Resident Undergraduate - UNC-CH	\$26,834	\$25,280	\$23,513	\$22,295	\$20,988	\$19,681	\$18,411	\$17,549	\$15,920	\$15,140
percent increase from prior year	6.14%	7.52%	5.46%	6.23%	6.64%	6.90%	4.91%	10.23%	5.15%	n/a
AAU Public Universities (mean)	\$28,031	\$26,577	\$24,775	\$23,104	\$21,821	\$20,652	\$19,579	\$18,471	\$16,849	\$15,089
percent increase from prior year	5.47%	7.27%	7.23%	5.88%	5.66%	5.48%	6.00%	9.63%	11.66%	n/a
Resident Graduate - UNC-CH	\$8,646	\$8,202	\$7,162	\$6,693	\$6,236	\$5,680	\$5,014	\$4,651	\$4,269	\$4,043
percent increase from prior year	5.42%	14.52%	7.01%	7.33%	9.79%	13.27%	7.80%	8.95%	5.59%	n/a
AAU Public Universities (mean)	\$12,364	\$11,367	\$10,795	\$10,133	\$9,432	\$8,913	\$8,379	\$7,812	\$7,260	\$6,315
percent increase from prior year	8.77%	5.30%	6.53%	7.43%	5.82%	6.37%	7.26%	7.60%	14.96%	n/a
Non-Resident Graduate - UNC-CH	\$24,333	\$22,932	\$21,560	\$21,091	\$20,234	\$19,678	\$19,012	\$17,899	\$16,267	\$15,692
percent increase from prior year	6.11%	6.36%	2.22%	4.23%	2.83%	3.50%	6.22%	10.03%	3.66%	n/a
AAU Public Universities (mean)	\$25,381	\$24,085	\$23,002	\$21,912	\$20,618	\$20,067	\$19,295	\$18,367	\$16,488	\$14,898
percent increase from prior year	5.38%	4.71%	4.97%	6.28%	2.75%	4.00%	5.05%	11.40%	10.67%	n/a

Sources: "Academic Year Tuition and Required Fees, AAU Public Universities," Univ. of Missouri System, Sept. 2011; The University of North Carolina at Chapel Hill Fact Book; Office of Institutional Research and Assessment.

PRINCIPAL REVENUE PAYERS

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
State and local grants and contracts	\$41,953	\$38,251	\$37,679	\$29,091	\$51,207	\$45,256	\$41,842	\$39,816	\$39,793	\$34,289
State appropriations and state aid	486,492	534,678	541,753	538,327	543,292	492,471	440,070	406,673	380,446	368,024
Capital appropriations	0	0	0	12,539	47,206	52,888	15,776	5,166	898	0
Capital grants	78,133	91,864	86,117	27,124	12,885	118,850	52,277	152,844	74,392	72,486
NC State Government	\$606,578	\$664,793	\$665,549	\$607,081	\$654,590	\$709,465	\$549,965	\$604,499	\$495,529	\$474,799
percent increase (decrease) from prior year (8.76%)	(0.11%)	9.63%	(7.26%)	(7.73%)	29.00%	(9.02%)	21.99%	4.37%	n/a	
Federal grants and contracts	\$578,702	\$571,288	\$530,368	\$471,680	\$447,793	\$429,059	\$422,229	\$403,100	\$384,618	\$356,845
Non-capital grants	181,339	194,546	172,113	154,016	102,932	62,669	67,388	62,544	53,154	40,995
Federal Government	\$760,041	\$765,834	\$702,481	\$625,696	\$550,725	\$491,728	\$489,617	\$465,644	\$437,772	\$397,840
percent increase (decrease) from prior year (0.76%)	9.02%	12.27%	13.61%	12.00%	0.43%	5.15%	6.37%	10.04%	n/a	

LONG-TERM DEBT
LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenue Debt	\$1,088,320	\$1,112,480	\$1,135,545	\$943,585	\$961,280	\$678,980	\$694,575	\$338,210	\$351,430	\$190,255
Plus Unamortized Discount/Premium	34,312	36,068	37,824	30,438	31,898	26,821	28,050	8,098	8,662	5,409
Less Unamortized Loss on Refunding	(1,829)	(2,231)	(2,633)	(3,034)	(3,436)	(3,838)	(4,240)	(2,280)	(2,606)	(2,932)
Net General Revenue Debt	1,120,803	1,146,317	1,170,736	970,989	989,742	701,963	718,385	344,028	357,486	192,732
Revenue Bonds	77,449	77,903	82,944	79,734	81,480	83,502	85,642	112,395	114,553	181,531
Plus Unamortized Discount/Premium	(164)	(200)	(243)	(287)	(333)	(158)	(181)	(330)	(356)	(716)
Net Revenue Bonds	77,285	77,703	82,701	79,447	81,147	83,344	85,461	112,065	114,197	180,815
Total Bonds Payable	1,198,088	1,224,020	1,253,437	1,050,436	1,070,889	785,307	803,846	456,093	471,683	373,547
Notes Payable	45,941	45,750	46,100	675	1,037	1,362	21,054	33,519	35,000	39,333
Capital Leases Payable	54	814	3,462	1,710	2,804	2,404	379	970	1,320	927
Total	\$1,244,083	\$1,270,584	\$1,302,999	\$1,052,821	\$1,074,730	\$789,073	\$825,279	\$490,582	\$508,003	\$413,807
<i>Long Term Debt (whole dollars)</i>										
per Student FTE	\$46,357	\$47,022	\$48,789	\$39,946	\$41,503	\$30,966	\$32,954	\$19,835	\$20,893	\$17,213
per Dollar of Total Grants and Contracts	\$1.37	\$1.34	\$1.51	\$1.35	\$1.50	\$1.25	\$1.33	\$0.84	\$0.92	\$0.83
per Dollar of State Appropriations and State Aid	\$2.56	\$2.38	\$2.41	\$1.96	\$1.98	\$1.60	\$1.88	\$1.21	\$1.34	\$1.12

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net General Revenue Debt	\$1,120,803	\$1,146,317	\$1,170,736	\$970,989	\$989,742	\$701,963	\$718,385	\$344,028	\$357,486	\$192,732
Commercial Paper Program	132,650	73,650	59,784	148,291	101,157	192,414	117,414	141,141	8,841	19,000
Total General Revenue Debt	\$1,253,453	\$1,219,967	\$1,230,520	\$1,119,280	\$1,090,899	\$894,377	\$835,799	\$485,169	\$366,327	\$211,732
<i>General Revenue Debt (whole dollars)</i>										
per Student FTE	\$46,706	\$45,149	\$46,075	\$42,468	\$42,128	\$35,098	\$33,375	\$19,616	\$15,067	\$8,807
per Dollar of Total Grants and Contracts	\$1.38	\$1.28	\$1.43	\$1.44	\$1.52	\$1.42	\$1.34	\$0.83	\$0.66	\$0.43
per Dollar of State Appropriations and State Aid	\$2.58	\$2.28	\$2.27	\$2.08	\$2.01	\$1.82	\$1.90	\$1.19	\$0.96	\$0.58

Data Used in the Above Calculations										
Total Student FTE	26,837	27,021	26,707	26,356	25,895	25,482	25,043	24,733	24,314	24,041
State appropriations and State aid	\$486,492	\$534,678	\$541,753	\$538,327	\$543,292	\$492,471	\$440,070	\$406,673	\$380,446	\$368,024
Federal grants and contracts	\$578,702	\$571,288	\$530,368	\$471,680	\$447,793	\$429,059	\$422,229	\$403,100	\$384,618	\$356,845
State and local grants and contracts	41,953	38,251	37,679	29,091	51,207	45,256	41,842	39,816	39,793	34,289
Non-governmental grants and contracts	105,191	146,081	120,674	123,649	115,513	92,572	89,976	81,560	75,388	64,547
Non-capital grants	181,339	194,546	172,113	154,016	102,932	62,669	67,388	62,544	53,154	40,995
Total Grants and Contracts	\$907,185	\$950,166	\$860,834	\$778,436	\$717,445	\$629,556	\$621,435	\$587,020	\$552,953	\$496,676

SUMMARY OF RATIOS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
Composite Financial Index										
+ Primary Reserve Ratio	0.87 x	0.87 x	0.83 x	0.79 x	1.06 x	1.05 x	0.92 x	0.86 x	0.79 x	0.60 x
/ Strength Factor	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133
= Ratio / Strength Factor	6.54	6.54	6.24	5.94	7.97	7.89	6.92	6.47	5.94	4.51
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	2.29	2.29	2.18	2.08	2.79	2.76	2.42	2.26	2.08	1.58
= Ratio 10.00 Cap Subtotal	2.29	2.29	2.18	2.08	2.79	2.76	2.42	2.26	2.08	1.58
+ Return on Net Assets Ratio	3.2%	10.5%	7.2%	(6.7%)	8.8%	16.7%	12.3%	16.4%	10.7%	3.1%
/ Strength Factor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
= Ratio / Strength Factor	1.60	5.25	3.60	(3.35)	4.40	8.35	6.15	8.20	5.35	1.55
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.32	1.05	0.72	(0.67)	0.88	1.67	1.23	1.64	1.07	0.31
= Ratio 10.00 Cap Subtotal	0.32	1.05	0.72	(0.67)	0.88	1.67	1.23	1.64	1.07	0.31
+ Net Operating Revenues Ratio	0.8%	9.0%	3.3%	(18.9%)	7.3%	11.5%	9.0%	8.6%	6.3%	(2.7%)
/ Strength Factor	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
= Ratio / Strength Factor	1.14	12.86	4.71	(27.00)	10.43	16.43	12.86	12.29	9.00	(3.74)
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.11	1.29	0.47	(2.70)	1.04	1.64	1.29	1.23	0.90	(0.37)
= Ratio 10.00 Cap Subtotal	0.11	1.00	0.47	(2.70)	1.00	1.00	1.00	1.00	0.90	(0.37)
+ Viability Ratio	1.6 x	1.6 x	1.4 x	1.5 x	1.9 x	2.1 x	1.8 x	2.3 x	2.5 x	2.1 x
/ Strength Factor	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417
= Ratio / Strength Factor	3.84	3.84	3.36	3.60	4.56	5.04	4.32	5.52	6.00	5.04
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	1.34	1.34	1.18	1.26	1.60	1.76	1.51	1.93	2.10	1.76
= Ratio 10.00 Cap Subtotal	1.34	1.34	1.18	1.26	1.60	1.76	1.51	1.93	2.10	1.76
Composite Financial Index	4.06	5.97	4.55	(0.03)	6.31	7.83	6.45	7.06	6.15	3.26
Composite Financial Index with 10.00 Cap	4.06	5.68	4.55	(0.03)	6.27	7.19	6.16	6.83	6.15	3.26

The Composite Financial Index (CFI) provides a methodology for a single overall financial measurement of the institution's health based on the four core ratios. The CFI uses a reasonable weighting plan and allows a weakness or strength in a specific ratio to be offset by another ratio result, which provides a more balanced measure. The CFI provides a more holistic approach to understanding the financial health of the institution. The CFI scores are not intended to be precise measures; they are indicators of ranges of financial health that can be indicators of overall institutional well-being when combined with non-financial indicators. Ratio/Strength are capped at a maximum of 10 before the weighing factors are applied so that a higher CFI does not unduly mask a weakness in a component ratio.

SUMMARY OF RATIOS (CONTINUED)

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
Primary Reserve Ratio										
Unrestricted Net Assets	\$896,092	\$851,254	\$778,439	\$700,280	\$671,970	\$617,573	\$525,513	\$475,631	\$408,705	\$370,816
Unrestricted Net Assets– Component Units*	35,651	37,848	26,543	23,334	28,897	28,627	23,709	20,653	17,724	n/a
Expendable Restricted Net Assets	990,908	1,007,536	891,182	837,154	1,199,280	1,086,353	853,133	736,632	648,019	559,128
Temporarily Restricted Net Assets–Component Units*	269,856	278,740	245,187	237,867	363,803	361,559	284,351	238,745	209,030	n/a
Expendable Net Assets	\$2,192,507	\$2,175,378	\$1,941,351	\$1,798,635	\$2,263,950	\$2,094,112	\$1,686,706	\$1,471,661	\$1,283,478	\$929,944
Operating Expenses	\$2,449,479	\$2,432,440	\$2,277,091	\$2,224,326	\$2,089,290	\$1,948,282	\$1,802,432	\$1,681,901	\$1,603,386	\$1,543,717
Interest and Fees on Debt	64,321	56,765	64,261	52,465	53,311	42,926	39,921	21,823	18,339	15,681
Total Expenses	\$2,513,800	\$2,489,205	\$2,341,352	\$2,276,791	\$2,142,601	\$1,991,208	\$1,842,353	\$1,703,724	\$1,621,725	\$1,559,398
Expendable Net Assets	\$2,192,507	\$2,175,378	\$1,941,351	\$1,798,635	\$2,263,950	\$2,094,112	\$1,686,706	\$1,471,661	\$1,283,478	\$929,944
Total Expenses	\$2,513,800	\$2,489,205	\$2,341,352	\$2,276,791	\$2,142,601	\$1,991,208	\$1,842,353	\$1,703,724	\$1,621,725	\$1,559,398
Ratio	0.87 x	0.87 x	0.83 x	0.79 x	1.06 x	1.05 x	0.92 x	0.86 x	0.79 x	0.60 x

Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net assets not be available. A positive ratio and an increasing amount over time denotes strength.

*For the fiscal year ended June 30, 2004, the University implemented Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units. This Statement amends GASB Statement No. 14, The Financial Reporting Entity, to provide additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship to the University. The component units of the University are discretely presented in the Financial Section.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
Return on Net Assets Ratio										
Change in Net assets	\$130,687	\$391,361	\$249,156	(\$246,993)	\$300,399	\$486,768	\$320,123	\$366,680	\$216,014	\$60,768
Total Net Assets (Beginning of Year)	\$4,102,959	\$3,711,598	\$3,462,442	\$3,709,435	\$3,409,036	\$2,922,268	\$2,607,879	\$2,241,199	\$2,025,186	\$1,964,418
Ratio	3.2%	10.5%	7.2%	(6.7%)	8.8%	16.7%	12.3%	16.4%	10.7%	3.1%

Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
Net Operating Revenues Ratio										
Total Operating Revenues	\$1,736,529	\$1,704,936	\$1,542,275	\$1,429,487	\$1,404,252	\$1,304,444	\$1,241,511	\$1,157,001	\$1,102,637	\$1,003,568
State Appropriations and State Aid	486,492	534,678	541,753	538,327	543,292	492,471	440,070	406,673	380,446	368,024
Non-capital Gifts and Grants, net	280,785	287,712	247,994	241,242	216,026	136,306	136,212	136,237	121,671	101,882
Investment Income (Loss), net	33,134	208,184	103,605	(296,904)	146,650	317,767	207,423	154,900	135,369	47,398
Adjusted Net Operating Revenues	\$2,536,940	\$2,735,510	\$2,435,627	\$1,912,152	\$2,310,220	\$2,250,988	\$2,025,216	\$1,854,811	\$1,740,123	\$1,520,872
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$19,361	\$245,908	\$81,186	(\$362,280)	\$168,470	\$259,926	\$182,633	\$159,462	\$110,267	(\$40,424)
Adjusted Net Operating Revenues	\$2,536,940	\$2,735,510	\$2,435,627	\$1,912,152	\$2,310,220	\$2,250,988	\$2,025,216	\$1,854,811	\$1,740,123	\$1,520,872
Ratio	0.8%	9.0%	3.3%	(18.9%)	7.3%	11.5%	9.0%	8.6%	6.3%	(2.7%)

Measures whether the institution is living within available resources. A positive ratio and an increasing amount over time, generally reflects strength.

SUMMARY OF RATIOS (CONTINUED)

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
VIABILITY RATIO										
Unrestricted Net Assets	\$896,092	\$851,254	\$778,439	\$700,280	\$671,970	\$617,573	\$525,513	\$475,631	\$408,705	\$370,816
Unrestricted Net Assets - Component Units*	35,651	37,848	26,543	23,334	28,897	28,627	23,709	20,653	17,724	n/a
Expendable Restricted Net Assets	990,908	1,007,536	891,182	837,154	1,199,280	1,086,353	853,133	736,632	648,019	559,128
Temporarily Restricted Net Assets—Component Units*	269,856	278,740	245,187	237,867	363,803	361,559	284,351	238,745	209,030	n/a
Expendable Net Assets	\$2,192,507	\$2,175,378	\$1,941,351	\$1,798,635	\$2,263,950	\$2,094,112	\$1,686,706	\$1,471,661	\$1,283,478	\$929,944
Bonds	\$1,198,088	\$1,224,020	\$1,253,437	\$1,050,436	\$1,070,889	\$785,307	\$803,846	\$456,093	\$471,684	\$373,548
Commercial Paper	132,650	73,650	59,784	148,291	101,157	192,414	117,414	141,141	8,841	19,000
Capital Leases	54	814	3,462	1,710	2,804	2,404	379	970	1,320	927
Notes	45,941	45,750	46,100	675	1,037	1,362	21,054	33,519	35,000	39,332
Notes—Component Units *	625	850	850	1,400	1,500	2,100	3,000	263	255	n/a
Total Adjusted University Debt	\$1,377,358	\$1,345,084	\$1,363,633	\$1,202,512	\$1,177,387	\$983,587	\$945,693	\$631,986	\$517,100	\$432,807
Expendable Net Assets	\$2,192,507	\$2,175,378	\$1,941,351	\$1,798,635	\$2,263,950	\$2,094,112	\$1,686,706	\$1,471,661	\$1,283,478	\$929,944
Total Adjusted University Debt	\$1,377,358	\$1,345,084	\$1,363,633	\$1,202,512	\$1,177,387	\$983,587	\$945,693	\$631,986	\$517,100	\$432,807
Ratio	1.6 x	1.6 x	1.4 x	1.5 x	1.9 x	2.1 x	1.8 x	2.3 x	2.5 x	2.1 x

Measures the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so. A positive ratio of greater than 1:1 generally denotes strength.

*For the fiscal year ended June 30, 2004, the University implemented Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units. This Statement amends GASB Statement No. 14, The Financial Reporting Entity, to provide additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship to the University. The component units of the University are discretely presented in the Financial Section.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
OPERATING MARGIN EXCLUDING GIFTS										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$19,361	\$245,908	\$81,186	(\$362,280)	\$168,470	\$259,926	\$182,632	\$159,462	\$110,267	(\$40,424)
Less: Non-capital Gifts and Grants, net	(280,785)	(287,712)	(247,994)	(241,242)	(216,026)	(136,306)	(136,212)	(136,237)	(121,671)	(101,882)
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(\$261,424)	(\$41,804)	(\$166,808)	(\$603,522)	(\$47,556)	\$123,620	\$46,420	\$23,225	(\$11,404)	(\$142,306)
Total Operating Revenues	\$1,736,529	\$1,704,936	\$1,542,275	\$1,429,487	\$1,404,252	\$1,304,444	\$1,241,511	\$1,157,001	\$1,102,637	\$1,003,568
State Appropriations and State Aid	486,492	534,678	541,753	538,327	543,292	492,471	440,070	406,673	380,446	368,024
Investment Income (Loss), net	33,134	208,184	103,605	(296,904)	146,650	317,767	207,423	154,900	135,369	47,398
Adjusted Net Operating Revenues less Gifts	\$2,256,155	\$2,447,798	\$2,187,633	\$1,670,910	\$2,094,194	\$2,114,682	\$1,889,004	\$1,718,574	\$1,618,452	\$1,418,990
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(\$261,424)	(\$41,804)	(\$166,808)	(\$603,522)	(\$47,556)	\$124,719	\$46,420	\$23,225	(\$11,404)	(\$142,306)
Adjusted Net Operating Revenues less Gifts	\$2,256,155	\$2,447,798	\$2,187,633	\$1,670,910	\$2,094,194	\$2,114,682	\$1,889,004	\$1,718,574	\$1,618,452	\$1,418,990
Ratio	(11.6%)	(1.7%)	(7.6%)	(36.1%)	(2.3%)	5.8%	2.5%	1.4%	(0.7%)	(10.0%)

A more restrictive measure of whether the institution is living within available resources. A positive ratio and an increasing amount over time generally reflects strength.

SUMMARY OF RATIOS (CONTINUED)

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
EXPENDABLE RESOURCES TO DEBT										
Unrestricted Net Assets	\$896,092	\$851,254	\$778,439	\$700,280	\$671,970	\$617,573	\$525,513	\$475,631	\$408,705	\$370,816
Unrestricted Net Assets– Component Units *	35,651	37,848	26,543	23,334	28,897	28,627	23,709	20,653	17,724	n/a
Expendable Restricted Net Assets	990,908	1,007,536	891,182	837,154	1,199,280	1,086,353	853,133	736,632	648,019	559,128
Temporarily Restricted Net Assets - Component Units *	269,856	278,740	245,187	237,867	363,803	361,559	284,351	238,745	209,030	n/a
Expendable Net Assets	\$2,192,507	\$2,175,378	\$1,941,351	\$1,798,635	\$2,263,950	\$2,094,112	\$1,686,706	\$1,471,661	\$1,283,478	\$929,944
Total Notes, Bonds, Capital Leases and Commercial Paper	\$1,376,733	\$1,344,233	\$1,362,783	\$1,201,112	\$1,175,887	\$981,487	\$942,693	\$631,723	\$516,845	\$432,807
Long-Term Debt– Component Units *	625	850	850	1,400	1,500	2,100	3,000	263	255	n/a
Less: U.S. EPA Project Bonds **	(10,935)	(13,974)	(21,060)	(19,286)	(21,478)	(23,495)	(25,349)	(27,317)	(29,221)	(30,975)
Total Adjusted University Debt	\$1,366,423	\$1,331,109	\$1,342,573	\$1,183,226	\$1,155,909	\$960,092	\$920,344	\$604,669	\$487,879	\$401,832
Expendable Net Assets	\$2,192,507	\$2,175,378	\$1,941,351	\$1,798,635	\$2,263,950	\$2,094,112	\$1,686,706	\$1,471,661	\$1,283,478	\$929,944
Total Adjusted University Debt	\$1,366,423	\$1,331,109	\$1,342,573	\$1,183,226	\$1,155,909	\$960,092	\$920,344	\$604,669	\$487,879	\$401,832
Ratio	1.6 x	1.6 x	1.4 x	1.5 x	2.0 x	2.2 x	1.8 x	2.4 x	2.6 x	2.3 x

A broader measure of the ability of the institution to cover its debt as of the balance sheet date. * For the fiscal year ended June 30, 2004, the University implemented Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units. This Statement amends GASB Statement No. 14, The Financial Reporting Entity, to provide additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship to the University. The component units of the University are discretely presented in the Financial Section. ** U.S. EPA Project Bonds are secured by an irrevocable lease from the U.S. government. This lease covers the debt service requirements for the term of the Bonds.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
TOTAL FINANCIAL RESOURCES TO DIRECT DEBT										
Unrestricted Net Assets	\$896,092	\$851,254	\$778,439	\$700,280	\$671,970	\$617,573	\$525,513	\$475,631	\$408,705	\$370,816
Non-expendable Restricted Net Assets	700,687	656,723	621,873	586,175	548,151	493,305	430,316	378,234	328,735	323,961
Expendable Restricted Net Assets	990,908	1,007,536	891,182	837,154	1,199,280	1,086,353	853,133	736,632	648,019	559,128
Total Financial Resources	\$2,587,687	\$2,515,513	\$2,291,494	\$2,123,609	\$2,419,401	\$2,197,231	\$1,808,962	\$1,590,497	\$1,385,459	\$1,253,905
Total Financial Resources	\$2,587,687	\$2,515,513	\$2,291,494	\$2,123,609	\$2,419,401	\$2,197,231	\$1,808,962	\$1,590,497	\$1,385,459	\$1,253,905
Total Notes, Bonds, Capital Leases and Commercial Paper	\$1,376,733	\$1,344,233	\$1,362,783	\$1,201,112	\$1,175,887	\$981,487	\$942,693	\$631,723	\$516,845	\$432,807
Ratio	1.9 x	1.9 x	1.7 x	1.8 x	2.1 x	2.2 x	1.9 x	2.5 x	2.7 x	2.9 x

A broader measure of the ability of the institution to cover its debt as of the balance sheet date.

SUMMARY OF RATIOS (CONTINUED)

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
DIRECT DEBT TO ADJUSTED CASH FLOW										
Net Cash Used by Operating Activities	(\$608,177)	(\$598,111)	(\$626,420)	(\$679,012)	(\$641,134)	(\$570,342)	(\$492,016)	(\$460,046)	(\$348,742)	(\$382,265)
State Appropriations and State Aid	486,492	534,678	541,753	538,327	543,292	492,471	440,070	406,673	380,446	368,024
Grants for Other than Capital Purposes	181,339	194,546	172,113	154,016	102,932	62,669	67,388	62,544	53,154	40,995
Non-capital Gifts	99,446	93,166	75,881	87,226	113,094	73,637	68,824	73,693	68,517	60,888
Adjusted Cash Flow from Operations	\$159,100	\$224,279	\$163,327	\$100,557	\$118,184	\$58,435	\$84,266	\$82,864	\$153,375	\$87,642
Total Notes, Bonds, Capital Leases and Commercial Paper	\$1,376,733	\$1,344,233	\$1,362,783	\$1,201,112	\$1,175,887	\$981,487	\$942,693	\$631,723	\$516,845	\$432,807
Adjusted Cash Flow from Operations	\$159,100	\$224,279	\$163,327	\$100,557	\$118,184	\$58,435	\$84,266	\$82,864	\$153,375	\$87,642
Ratio	8.7 x	6.0 x	8.3 x	11.9 x	9.9 x	16.8 x	11.2 x	7.6 x	3.4 x	4.9 x

Measures the financial strength of the institution by indicating how long the institution would take to repay the debt using the cash provided by its operations. A decreasing ratio over time denotes strength.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
DEBT BURDEN RATIO										
Interest and Fees Paid on Debt and Leases	\$58,903	\$55,699	\$53,180	\$53,010	\$52,779	\$43,676	\$40,390	\$22,644	\$20,438	\$18,303
Principal Paid on Debt and Leases	66,730	47,647	148,637	46,462	238,672	43,344	228,037	39,608	21,900	14,044
Less: Principal Paid from Gifts and Excess Funds	(221)	(16,484)	(17,639)	(20,866)	(15,732)	0	0	0	0	0
Less: Principal Paid from Refinancing Activities	(36,500)	0	(104,858)	0	(198,244)	(19,719)	(206,539)	(19,910)	(4,333)	0
Debt Service	\$88,912	\$86,862	\$79,320	\$78,606	\$77,475	\$67,301	\$61,888	\$42,342	\$38,005	\$32,347
Operating Expenses	\$2,449,479	\$2,432,440	\$2,277,091	\$2,224,326	\$2,089,290	\$1,948,282	\$1,802,432	\$1,681,901	\$1,603,386	\$1,543,717
Interest and Fees on Debt	64,321	56,765	64,261	52,465	53,311	42,926	39,921	21,823	18,339	15,681
Fixed Asset Writedowns (if not included in Operating Expenses)	0	0	0	0	0	0	0	2,635	8,132	1,899
Less: Depreciation and Amortization Expense	(113,530)	(102,724)	(90,861)	(70,747)	(66,413)	(80,827)	(64,475)	(60,102)	(60,589)	(53,076)
Plus: Principal Paid on Debt and Leases	66,730	47,647	148,637	46,462	238,672	43,344	228,037	39,608	21,900	14,044
Less: Principal Paid from Gifts and Excess Funds	(221)	(16,484)	(17,639)	(20,866)	(15,732)	0	0	0	0	0
Less: Principal Paid from Refinancing Activities	(36,500)	0	(104,858)	0	(198,244)	(19,719)	(206,539)	(19,910)	(4,333)	0
Total Expenditures	\$2,430,279	\$2,417,644	\$2,276,631	\$2,231,640	\$2,100,884	\$1,934,006	\$1,799,376	\$1,665,955	\$1,586,835	\$1,522,265
Debt Service	\$88,912	\$86,862	\$79,320	\$78,606	\$77,475	\$67,301	\$61,888	\$42,342	\$38,005	\$32,347
Total Expenditures	\$2,430,279	\$2,417,644	\$2,276,631	\$2,231,640	\$2,100,884	\$1,934,006	\$1,799,376	\$1,665,955	\$1,586,835	\$1,522,265
Ratio	3.7%	3.6%	3.5%	3.5%	3.7%	3.5%	3.4%	2.5%	2.4%	2.1%

Measures the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures.

SUMMARY OF RATIOS (CONTINUED)

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
DEBT SERVICE TO OPERATIONS										
Interest and Fees Paid on Debt and Leases	\$58,903	\$55,699	\$53,180	\$53,010	\$52,779	\$43,676	\$40,390	\$22,644	\$20,438	\$18,303
Less: Interest and Fees Paid - U.S. EPA Project Bonds *	(5)	(5)	(6)	(360)	(683)	(977)	(1,264)	(1,534)	(1,781)	(2,013)
Principal Paid on Debt and Leases	66,730	47,647	148,637	46,462	238,672	43,344	228,037	39,608	21,900	14,044
Less: Non-contractual Principal Paid from Gifts and Excess Funds	(221)	(16,484)	(17,639)	(20,866)	(15,732)	0	0	0	0	0
Less: Principal Paid from Refinancing Activities	(36,500)	0	(104,858)	0	(198,244)	(19,719)	(206,539)	(19,910)	(4,333)	0
Less: Principal Paid - U.S. EPA Project Bonds *	(4,215)	(4,215)	(4,215)	(3,860)	(3,540)	(3,245)	(3,240)	(3,065)	(2,815)	(2,585)
Debt Service	\$84,692	\$82,642	\$75,099	\$74,386	\$73,252	\$63,079	\$57,384	\$37,743	\$33,409	\$27,749
Debt Service	\$84,692	\$82,642	\$75,099	\$74,386	\$73,252	\$63,079	\$57,384	\$37,743	\$33,409	\$27,749
Operating Expenses	\$2,449,479	\$2,432,440	\$2,277,091	\$2,224,326	\$2,089,290	\$1,948,282	\$1,802,432	\$1,681,901	\$1,603,386	\$1,543,717
Ratio	3.5%	3.4%	3.3%	3.3%	3.5%	3.2%	3.2%	2.2%	2.1%	1.8%

Measures the financial strength of the institution.* U.S. EPA Project Bonds are secured by an irrevocable lease from the U.S. government. This lease covers the debt service requirements for the term of the Bonds.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES										
Operating Expenses	\$2,449,479	\$2,432,440	\$2,277,091	\$2,224,326	\$2,089,290	\$1,948,282	\$1,802,432	\$1,681,901	\$1,603,386	\$1,543,717
Interest and Fees on Debt	64,321	56,765	64,261	52,465	53,311	42,926	39,921	21,823	18,339	15,681
Fixed Asset Writedowns (if not included in Operating Expenses)	0	0	0	0	0	0	0	2,635	8,132	1,899
Total Adjusted Operating Expenses	\$2,513,800	\$2,489,205	\$2,341,352	\$2,276,791	\$2,142,601	\$1,991,208	\$1,842,353	\$1,706,359	\$1,629,857	\$1,561,297
Research Expenses	\$472,102	\$468,685	\$431,317	\$398,753	\$358,199	\$312,160	\$285,646	\$271,208	\$257,945	\$247,434
Total Adjusted Operating Expenses	\$2,513,800	\$2,489,205	\$2,341,352	\$2,276,791	\$2,142,601	\$1,991,208	\$1,842,353	\$1,706,359	\$1,629,857	\$1,561,297
Ratio	18.8%	18.8%	18.4%	17.5%	16.7%	15.7%	15.5%	15.9%	15.8%	15.8%

Measures the institution's research expense to the total operating expenses.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
AS RESTATED										
NET TUITION PER STUDENT										
Student Tuition and Fees, net	\$320,535	\$289,897	\$249,083	\$236,960	\$218,763	\$210,651	\$195,882	\$164,457	\$153,943	\$146,961
Less: Scholarships and Fellowships	(96,871)	(91,140)	(69,083)	(58,557)	(58,059)	(56,662)	(54,105)	(51,170)	(47,427)	(45,618)
Net Tuition and Fees	\$223,664	\$198,757	\$180,000	\$178,403	\$160,703	\$153,989	\$141,777	\$113,287	\$106,516	\$101,343
Net Tuition and Fees	\$223,664	\$198,757	\$180,000	\$178,403	\$160,703	\$153,989	\$141,777	\$113,287	\$106,516	\$101,343
Undergraduate, Graduate and Professional FTE	26,837	27,021	26,707	26,356	25,895	25,482	25,043	24,733	24,314	24,041
Net Tuition per Student (whole dollars)	\$8,334	\$7,356	\$6,740	\$6,769	\$6,206	\$6,043	\$5,661	\$4,580	\$4,381	\$4,215

Measures the institution's net student tuition and fees received per student.

SUMMARY OF RATIOS (CONTINUED)

LAST TEN FISCAL YEARS

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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AS RESTATED

STATE APPROPRIATIONS AND STATE AID PER STUDENT

State Appropriations and State Aid	\$486,492	\$534,678	\$541,753	\$538,327	\$543,292	\$492,471	\$440,070	\$406,673	\$380,446	\$368,024
Undergraduate, Graduate and Professional FTE	26,837	27,021	26,707	26,356	25,895	25,482	25,043	24,733	24,314	24,041
State Appropriation per Student (whole dollars)	\$18,128	\$19,787	\$20,285	\$20,425	\$20,981	\$19,326	\$17,573	\$16,443	\$15,647	\$15,308

Measures the institution's dependency on state appropriations.

SPECIFIC REVENUE AND GENERAL REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS

The University of North Carolina at Chapel Hill has issued General Revenue Bonds, which are repaid from Available Funds. Available Funds are defined as any unrestricted Net Assets remaining after satisfying obligations of the University under trust indentures, trust agreements or bond resolutions (Specific Revenue Bonds), but excluding State Appropriations, Tuition, and certain special facilities revenues. Specific Revenue Bonds have a pledged revenue stream as the repayment source.

IN THOUSANDS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008
SPECIFIC REVENUE BOND COVERAGE					
Gross Operating Revenues	\$186,052	\$213,554	\$204,725	\$195,265	\$177,705
Direct Operating Expenses	121,734	132,525	129,049	144,364	114,352
Net Revenue Available for Debt Service	\$64,318	\$81,029	\$75,676	\$50,901	\$63,353
Principal	\$5,090	\$5,450	\$5,890	\$5,515	\$6,340
Interest	22	84	168	588	1,090
Specific Revenue Debt Service Requirements	\$5,112	\$5,534	\$6,058	\$6,103	\$7,430
Coverage	12.58	14.64	12.49	8.34	8.53
AVAILABLE FUNDS GENERAL REVENUE BONDS					
Total Unrestricted Revenue	\$1,708,396	\$1,670,027	\$1,572,416	\$1,483,607	\$1,539,517
Less:					
State Appropriations and State Aid	(486,492)	(534,678)	(541,753)	(538,327)	(543,292)
Tuition and Fees	(320,535)	(289,897)	(249,083)	(236,960)	(218,763)
Specific Revenue Debt Service Requirements	(5,112)	(5,534)	(6,058)	(6,103)	(7,430)
Plus:					
Adjusted Beginning Unrestricted Net Assets	851,254	778,439	699,458	671,970	617,573
Total Available Funds	\$1,747,511	\$1,618,357	\$1,474,980	\$1,374,187	\$1,387,605
Annual Increase	\$129,154	\$143,377	\$100,793	(\$13,418)	\$124,983
% Increase	8.0%	9.7%	7.3%	(1.0%)	9.9%
GENERAL REVENUE BOND COVERAGE					
Total Available Funds	\$1,747,511	\$1,618,357	\$1,474,980	\$1,374,187	\$1,387,605
Principal	\$24,160	\$23,065	\$18,580	\$17,695	\$16,175
Interest	52,385	53,310	48,596	44,876	38,970
General Revenue Debt Service Requirements	\$76,545	\$76,375	\$67,176	\$62,571	\$55,145
Coverage	22.83	21.19	21.96	21.96	25.16

General Revenue Bond Debt Service includes debt service for specific revenue bonds refunded or defeased by issuance of general revenue debt during the year of refunding.

IN THOUSANDS

For The Fiscal Year Ended June 30,	2007	2006	2005	2004	2003
SPECIFIC REVENUE BOND COVERAGE					
Operating Revenues	\$160,112	\$143,900	\$125,968	\$121,470	\$116,985
Direct Operating Expenses	115,450	105,885	90,218	90,057	90,731
Net Revenue Available for Debt Service	\$44,662	\$38,015	\$35,750	\$31,413	\$26,254
Principal	\$6,180	\$5,635	\$5,700	\$5,335	\$6,420
Interest	1,527	2,325	3,669	4,034	4,414
Specific Revenue Debt Service Requirements	\$7,707	\$7,960	\$9,369	\$9,369	\$10,834
Coverage	5.79	4.78	3.82	3.35	2.42
AVAILABLE FUNDS GENERAL REVENUE BONDS					
Total Unrestricted Revenue	\$1,447,939	\$1,316,160	\$1,191,976	\$1,148,297	\$1,055,273
Less:					
State Appropriations and State Aid	(492,471)	(440,070)	(406,673)	(380,446)	(368,024)
Tuition and Fees	(210,652)	(195,882)	(164,457)	(153,943)	(146,961)
Specific Revenue Debt Service Requirements	(7,707)	(7,960)	(9,369)	(9,369)	(10,834)
Plus:					
Adjusted Beginning Unrestricted Net Assets	525,513	475,631	410,110	370,816	346,546
Total Available Funds	\$1,262,622	\$1,147,879	\$1,021,587	\$975,355	\$876,000
Annual Increase	\$114,743	\$126,292	\$46,232	\$99,355	\$7,368
% Increase	10.0%	12.4%	4.7%	11.3%	0.8%
GENERAL REVENUE BOND COVERAGE					
Total Available Funds	\$1,262,622	\$1,147,879	\$1,021,587	\$975,355	\$876,000
Principal	\$15,595	\$15,285	\$13,220	\$11,745	\$7,150
Interest	32,814	28,373	14,459	10,017	8,332
General Revenue Debt Service Requirements	\$48,409	\$43,658	\$27,679	\$21,762	\$15,482
Coverage	26.08	26.29	36.91	44.82	56.58

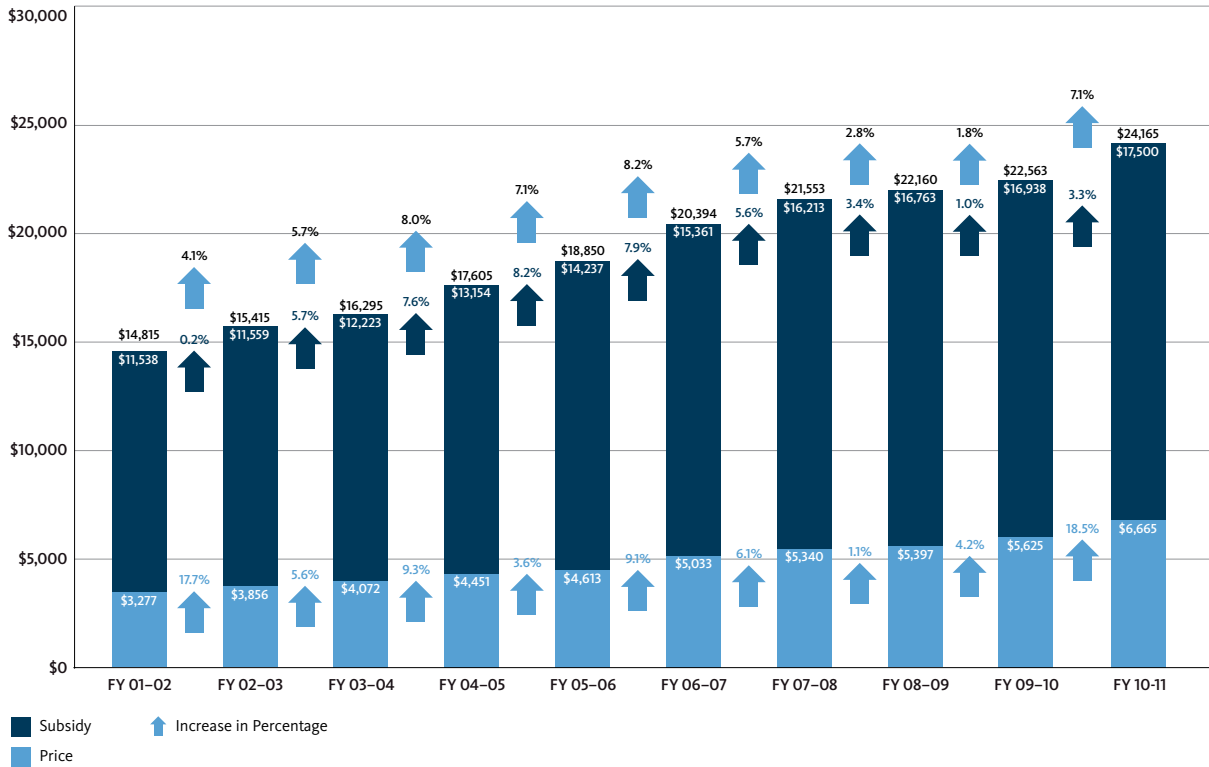
General Revenue Bond Debt Service includes debt service for specific revenue bonds refunded or defeased by issuance of general revenue debt during the year of refunding.

Annual Undergraduate Educational Costs Per Student

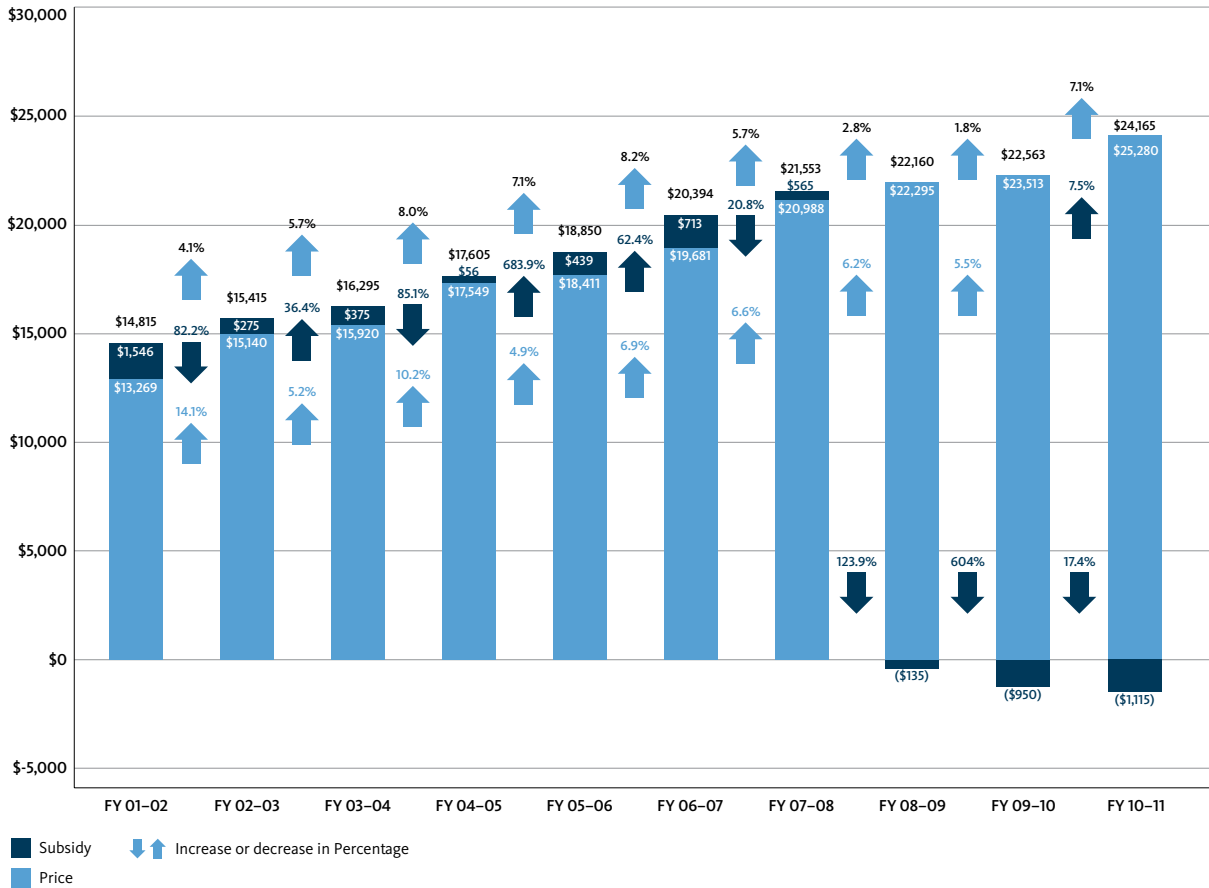
Public concern over tuition prices at colleges and universities led in 1997 to the establishment by Congress of the National Commission on the Cost of Higher Education. The task of the commission was to investigate the college cost-price conundrum and recommend ways to address it. In response, the National Association of College and University Business Officers (NACUBO) developed the Cost of College Project. The goal was to create a uniform methodology that any college or university could use to explain and present how much it costs to provide one year of undergraduate education and related services. The criteria governing the project include: simplicity of use and understanding; basis should be on existing data from annual financial statements; should be applicable to all types of colleges and universities; and should produce reasonable results when compared with more detailed cost data derived from the institution's internal accounting methods.

After more than two years in development and testing by almost 150 colleges and universities, the final project report was delivered in November 2002. Carolina was one of those testing sites. A single-page template was developed by NACUBO to be used to record the necessary information. The template shows annual costs per resident undergraduate student at the University. The graphs displayed on the next page show historical trends in the total annual costs per resident and non-resident undergraduate student at the University, and the difference between the price the student pays (i.e., tuition and fees) and state support (i.e., "subsidy"). The methodology was created to help individual institutions calculate and report the annual cost of providing an undergraduate education. It was not designed to be a mechanism for collecting national data on college costs or creating industry benchmarks. It is also not a measure of the value or quality of the education provided by the institution.

COST OF COLLEGE FOR RESIDENT UNDERGRADUATE STUDENTS



COST OF COLLEGE FOR NON-RESIDENT UNDERGRADUATE STUDENTS



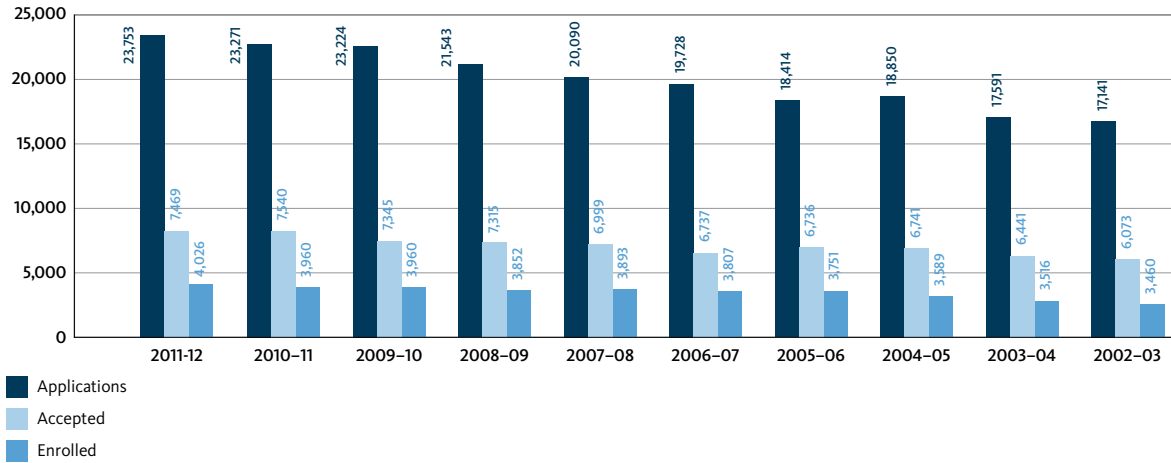
ADMISSIONS, ENROLLMENT, AND DEGREES EARNED

LAST TEN FISCAL YEARS (FALL ENROLLMENT)

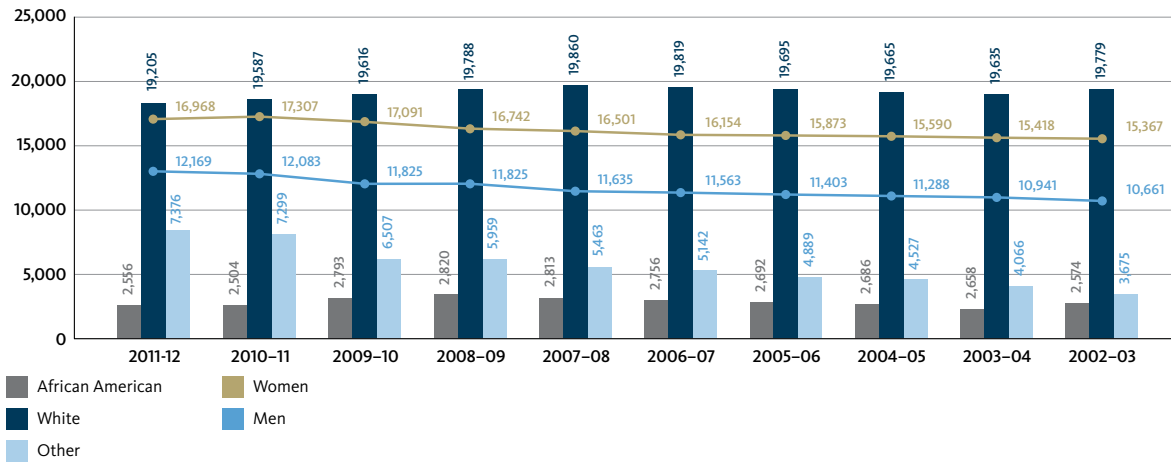
	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
ADMISSIONS - FIRST-YEAR UNDERGRADUATE										
Applications	23,753	23,271	23,224	21,543	20,090	19,728	18,414	18,850	17,591	17,141
Accepted	7,469	7,540	7,345	7,315	6,999	6,737	6,736	6,741	6,441	6,073
Enrolled	4,026	3,960	3,960	3,852	3,893	3,807	3,751	3,589	3,516	3,460
Accepted as a Percentage of Applications	31.4%	32.4%	31.6%	34.0%	34.8%	34.1%	36.6%	35.8%	36.6%	35.4%
Enrolled as a Percentage of Accepted	53.9%	52.5%	53.9%	52.7%	55.6%	56.5%	55.7%	53.2%	54.6%	57.0%
Average SAT Scores - Total	1,300	1,304	1,302	1,301	1,302	1,292	1,299	1,287	1,283	1,267
Critical Reading	642	644	642	643	646	638	643	638	634	625
Math	658	660	660	658	656	654	656	649	649	642
ENROLLMENT										
Undergraduate, Graduate and Professional FTE	26,836	27,021	26,707	26,356	25,895	25,482	25,043	24,733	24,314	24,041
Undergraduate, Graduate and Professional Headcount	29,137	29,390	28,916	28,567	28,136	27,717	27,276	26,878	26,359	26,028
Men (Headcount)	12,169	12,083	11,825	11,825	11,635	11,563	11,403	11,288	10,941	10,661
Percentage of Total	41.8%	41.1%	40.9%	41.4%	41.4%	41.7%	41.8%	42.0%	41.5%	41.0%
Women (Headcount)	16,968	17,307	17,091	16,742	16,501	16,154	15,873	15,590	15,418	15,367
Percentage of Total	58.2%	58.9%	59.1%	58.6%	58.6%	58.3%	58.2%	58.0%	58.5%	59.0%
African American (Headcount)	2,556	2,504	2,793	2,820	2,813	2,756	2,692	2,686	2,658	2,574
Percentage of Total	8.9%	8.6%	9.8%	9.9%	10.0%	9.9%	9.9%	10.0%	10.1%	9.9%
White (Headcount)	19,205	19,587	19,616	19,788	19,860	19,819	19,695	19,665	19,635	19,779
Percentage of Total	65.9%	66.6%	67.8%	69.3%	70.6%	71.5%	72.2%	73.2%	74.4%	76.0%
Other (Headcount)	7,376	7,299	6,507	5,959	5,463	5,142	4,889	4,527	4,066	3,675
Percentage of Total	25.3%	24.8%	22.4%	20.8%	19.4%	18.6%	17.9%	16.8%	15.5%	14.1%
DEGREES EARNED										
Bachelor's	4,622	4,595	4,444	4,302	4,131	3,787	3,773	3,888	3,715	3,741
Master's	1,981	1,918	1,840	1,832	1,836	1,871	1,914	1,847	1,872	1,739
Doctoral	479	495	513	485	600	512	490	459	439	412
Professional	668	668	643	618	604	601	608	610	587	672

Source: The University of North Carolina at Chapel Hill Fact Book.

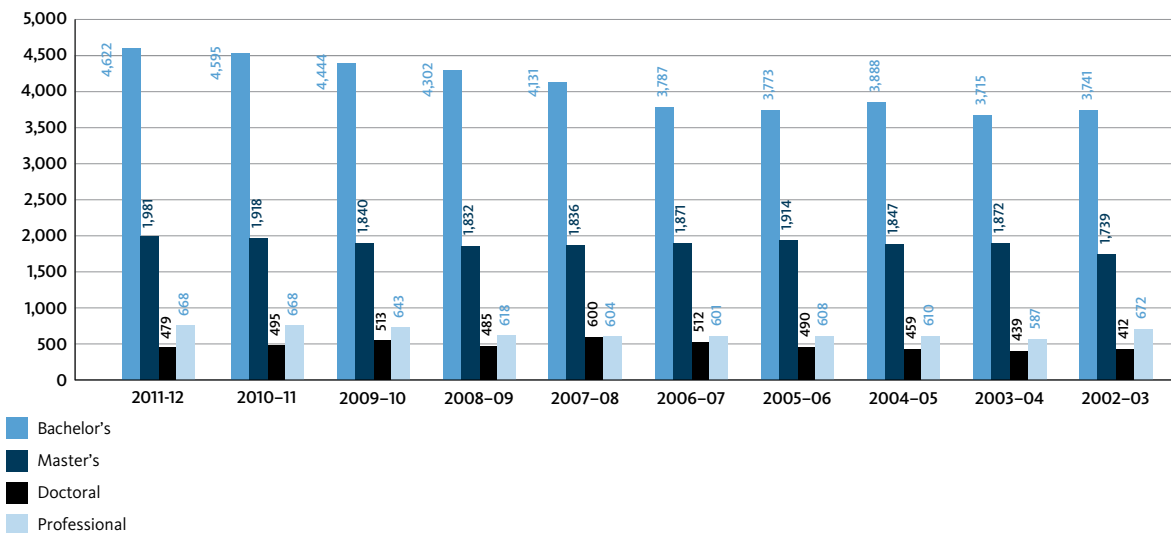
FIRST-YEAR UNDERGRADUATE APPLIED, ACCEPTED, AND ENROLLED



HEADCOUNT TOTAL



DEGREES EARNED



DEMOGRAPHIC DATA

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
North Carolina Population	9,779,037	9,692,818	9,535,483	9,380,884	9,222,414	9,061,032	8,856,505	8,683,242	8,541,221	8,407,248
North Carolina Population-18 year olds	139,387	136,156	134,940	142,644	131,240	126,722	122,281	120,352	119,691	118,653
North Carolina Personal Income (in millions)	\$368,934	\$348,602	\$333,523	\$319,963	\$317,611	\$305,022	\$286,402	\$265,299	\$249,797	\$237,379
North Carolina Per Capita Income	\$37,727	\$35,965	\$34,977	\$34,108	\$34,439	\$33,663	\$32,338	\$30,553	\$29,246	\$28,235
North Carolina Unemployment Rate	9.40%	10.50%	10.00%	11.02%	5.95%	4.94%	4.56%	5.33%	5.49%	6.51%

Sources: Office of the State Controller, North Carolina State Data Center, U.S. Census Bureau.

PRINCIPAL EMPLOYERS

FISCAL YEAR		2012		2003		
Employer	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of North Carolina	180,000-184,999	1	4.33%	160,000-164,999	1	4.19%
Federal Government	65,000-69,999	2	1.60%	60,000-64,999	2	1.61%
Wal-Mart Associates, Inc.	50,000-54,999	3	1.25%	35,000-39,999	3	0.97%
Duke University	25,000-29,999	4	0.65%	20,000-24,999	5	0.58%
Charlotte Mecklenburg Hospital	25,000-29,999	5	0.65%	10,000-14,999	9	0.32%
Food Lion, LLC	25,000-29,999	6	0.65%	25,000-29,999	4	0.71%
Wells Fargo Bank, N.A.	20,000-24,999	7	0.53%	20,000-24,999	6	0.58%
Charlotte-Mecklenburg Board of Education	15,000-19,999	8	0.42%	15,000-19,999	7	0.45%
Wake County Public schools	15,000-19,999	9	0.42%	10,000-14,999	10	0.32%
Bank of America, N.A.	15,000-19,999	10	0.42%	—	—	—
IBM Corporation	—	—	—	15,000-19,999	8	0.45%
Total	435,000-484,990		10.92%	370,000-419,990		10.18%

Notes: All figures are based on 1st quarter average. Percentage of total state employment is based on the average of the ranges given.

Source: Office of the State Controller (North Carolina Department of Commerce – Division of Employment Security).

FACULTY AND STAFF

LAST TEN FISCAL YEARS

Fall Employment of Fiscal Year	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
FACULTY										
Full-time	3,291	3,234	3,221	3,147	3,000	2,919	2,885	2,844	2,744	2,701
Part-time	293	284	285	303	295	303	323	330	313	307
Total Faculty	3,584	3,518	3,506	3,450	3,295	3,222	3,208	3,174	3,057	3,008
Percentage Tenured	40.2%	41.4%	41.2%	41.1%	42.0%	42.5%	43.2%	43.7%	45.4%	45.4%
STAFF AND EPA NON-FACULTY										
Full-time	1,725	1,738	1,771	1,710	1,610	1,501	1,374	1,307	1,227	1,157
Part-time	132	138	139	146	146	155	131	132	128	111
EPA Non-Faculty	1,857	1,876	1,910	1,856	1,756	1,656	1,505	1,439	1,355	1,268
Full-time	6,197	6,385	6,484	6,453	6,174	6,104	6,005	6,004	5,947	5,915
Part-time	271	273	303	323	308	317	318	321	317	290
SPA	6,468	6,658	6,787	6,776	6,482	6,421	6,323	6,325	6,264	6,205
Total Full-time	7,922	8,123	8,255	8,163	7,784	7,605	7,379	7,311	7,174	7,072
Total Part-time	403	411	442	469	454	472	449	453	445	401
Total Staff and EPA Non-Faculty	8,325	8,534	8,697	8,632	8,238	8,077	7,828	7,764	7,619	7,473
Total Faculty, Staff, and EPA Non-Faculty	11,909	12,052	12,203	12,082	11,533	11,299	11,036	10,938	10,676	10,481

Note: SPA denotes employees subject to the State Personnel Act. EPA denotes employees exempt from the State Personnel Act.

Source: The University of North Carolina at Chapel Hill Fact Book.

CAPITAL ASSETS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Academic/Administrative buildings	135	133	131	129	127	125	122	122	122	120
Dormitories/Auxiliary buildings	91	90	90	90	90	90	88	83	83	79
Art/Library collections	6	6	6	6	6	6	6	6	6	6







THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

2012 Comprehensive Annual
Financial Report
Fiscal year ended June 30, 2012
Chapel Hill, North Carolina

REPORT TO THE BUDGET,
FINANCE, & AUDIT
COMMITTEE
OF THE
BOARD OF TRUSTEES

Internal Audit Department

University of North Carolina
at Chapel Hill

January 23, 2013

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT PROJECTS COMPLETED AND IN PROCESS
AUGUST 27 TO DECEMBER 16, 2012

Project Uplift – requested by management – a financial and compliance review of a University Summer program for high school students. We found that management of the program had created an unapproved petty cash fund and that some revenue and expenses for the program were run through the petty cash fund rather than recorded in the University’s financial system as required. Financial records for petty cash transactions were not prepared in accordance with generally accepted accounting principle and that supporting documents for these transactions were sometimes missing or incomplete.

We also found that management used the unapproved petty cash fund to pay an undocumented individual for work done for the project. The individual was not hired or paid through required personnel and payroll channels. There was no determination of the individual’s eligibility for employment and any required payroll taxes were not paid. (complete)

Executive Director for the Arts – financial and compliance review of revenue procedures in the department; requested by department management. We identified past problems with separation of duties and other weakness in processes related to deposits of ticket sale revenue and reconciliation of these deposits. Processes have substantially improved under new fiscal management and are now satisfactory.

We determined that some of the ticket revenue received between August 2007 and December 2010 was not deposited into a University account and cannot be otherwise accounted for. Most of the missing funds were received in the form of cash. (complete)

Facilities Services Time – review of processes used to maintain information in the Facilities Services billing system and to reconcile that information with the Time Information Management system. No significant issues noted. (complete)

Facilities TIM – review of the accuracy of how time was recorded for a non-University event. We found that some employees who attended the funeral of a former co-worker or left work early on learning of his death were allowed to treat the absences time as work time rather than leave. This practice is not allowed. Management has agreed to correct time and leave records for these employees. (complete)

Advancement – review of travel and other expenses incurred by two former development officers. Most expenses were appropriate and business related but we could not identify a sufficient business propose for some expenses. All of the questioned costs were charged to foundation funds and all have been repaid. (complete)

Assistance with NCAA 2012 Financial Audit – financial testing performed for external accounting firm that conducts the required independent audit of Athletics financial activity. (complete)

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT PROJECTS COMPLETED AND IN PROCESS
AUGUST 27 TO DECEMBER 16, 2012 – PAGE 2

Xerox Printing – review of process used to contract for services to operate printing and mail services for the University. The process was appropriate and the resulting contract is in the best interests of the University. (complete)

2nd Follow-up for State IT Audit – required by General Administration - evaluation of progress toward correcting remaining findings from 2010 General Controls Review conducted by the Office of the State Auditor. Many findings were resolved within 90 days of the date of the State Auditor's report but other issues required long-range solutions. Progress toward correcting the remaining issues is satisfactory. (draft report with management)

CADDRE/Epidemiology – financial and compliance review of budgeting practices for sponsored award proposals; no significant issues noted. (draft report with management)

Independent Contractor Function – a financial, compliance, and operational review of processes used to retain and pay independent contractors and to determine whether individuals should be paid as contractors or employees for services performed. We found a need to improve those processes.

We found that some adjust faculty members who teach courses for credit were being paid as independent contractors when they should have been paid as employees. We also could not determine if management was verifying credentials for faculty paid as independent contractors in order to justify and document qualifications these faculty members as required by the University's credentialing body.

Management has developed and substantially implemented corrective action plans. (fieldwork complete)

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

University-wide Follow-up – review and evaluation of action take to correct problems and other issues noted in previously issued audit report. (in process)

School of Dentistry – a routine financial, compliance, and operational review of fiscal processes in the School. (in initial stages of planning)

UNC FIT (Financial Improvements and Transformation) – mandatory audit processes established by UNC General Administration as part of process improvement initiatives and reporting requirements. (ongoing).

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARIES OF AUDIT PROJECTS COMPLETED AND IN PROCESS
AUGUST 27 TO DECEMBER 16, 2012 – PAGE 3

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

HIPPA Security Liaison, University-wide Committee on the Protection of Personal Data, Enterprise Risk Management Committee, Recharge Centers Task Force, CERTIF, and IT Governance Committee – advisory work done to assist management with identifying and managing risks. (on-going)

**UNC Internal Audit
Use of Audit Resources
Summary of Audit Hours Used - 2012/13
07/01/12 to 12/16/12**

	<u>Budgeted</u>	<u>Pro-Rated Budget -1-</u>	<u>Hours Charged</u>	<u>Variance</u>
Total Hours Available	12,480	5,760		
<u>Less:</u> Leave Hours	(1,884)	(870)	808	(61)
<u>Less:</u> Other Administrative Time -2-	(1,920)	(886)	647	(240)
Total for Leave & Administrative	3,804	1,756	1,455	(301)
Hours Available for Projects	8,676	4,004		
Routine Audits	3,960	1,828	2,332	(504)
Annual Projects & Audit Related	2,400	1,108	1,087	21
Special Reviews & Requests	2,700	1,246	1,066	180
Total Scheduled/Charged	9,060	4,182	4,485	(304)
Under/<Over> Scheduled	(384)			

-1- = pro-rated for 23 weeks

-2- = training and professional development, staff meetings, professional reading, etc.

UNC Internal Audit

2012/13 Audit Schedule as of December 16, 2012

Routine Audits

Complete

Office of Sponsored Research - Billing and Receivables
Executive Director for the Arts

In Process

Independent Contractor Function
School of Dentistry
2nd Follow-up for State IT Audit
University-wide Follow Up

Scheduled

Work Study
Kenan-Flagler School of Business
School of Journalism

Annual Projects

Complete

NCAA Assistance - 2012

Scheduled

Surprise Cash Counts - 2013
Data Security

On-Going

UNC FIT 2012
UNC FIT 2013
Enterprise Resource Planning

Audit Related

On Going

Continuous Auditing
HIPAA Security Liaison
UCPPD
Enterprise Risk Management Committee
IT Governance Committee
CERTIF (PCI Standards)
Recharge Centers Task Force
QAR Self-Study
Office System Enhancements
Audit Related Pool

Special Projects & Management Requests

Complete

Xerox Printing
Facilities Services Time
Facilities TIM
Project Uplift
Advancement

In Process

Women's Studies

CADDRE/Epidemiology

Other Internal Consulting - multiple small projects



Global Visiting Students at UNC: Program Plan

January 3, 2013

Introduction:

The *Strategic Roadmap for Globalizing UNC-Chapel Hill*, drafted in 2009, stated that:

UNC has among the smallest number of international students of any first-rate university. This has severely limited recognition of UNC as a "global university" and put us at a considerable disadvantage in comparison with private universities and better-funded public institutions. The limited number of foreign graduate students on our campus also hinders efforts to achieve much-needed diversity and gain the perspectives of student voices from around the world.

A key ingredient for any top ranked global university is the percentage of international students and faculty members who are part of the campus fabric and core activities. As a major public university, UNC's exposure to international students - particularly at the undergraduate level - is largely restricted due to the 18% cap on admissions for out-of-state students. Further, the majority of major research training grants for students are from federal sources and cannot be used to fund foreign students. Global partnerships can help to mitigate these limitations by fostering opportunities for faculty and student exchanges, collaborative research, and access to some of the world's brightest students and most eminent scholars.

Additionally, in 2011, the university adopted a new *Academic Plan* which included six core themes ranging from interdisciplinary activity to engaged scholarship. The sixth theme addresses globalization and the extension of Carolina's global presence, teaching, research, and public service. Among its recommendations: to augment global learning opportunities for all Carolina students. While efforts continue to grow opportunities for our degree-seeking students to study or research globally, the recommendation also recognized a need to increase the number of international undergraduate and graduate students on campus to help diversify the student body and deepen all students' understanding of global perspectives. This goal can be better accomplished through the development of a successful *Global Visiting Students Program*.

Program Overview:

Developing a *Global Visiting Students Program* at UNC will create an opportunity for international students to attend UNC-Chapel Hill for up to one year of credit-bearing instruction, with full participation in the life of the Carolina campus before returning to their home campuses to earn their degrees.

The *Global Visiting Students Program* seeks to increase the presence of well-qualified international students on the UNC-Chapel Hill campus, to support their presence and involvement in the academic community, and to further globalize UNC's student body. This program will provide outstanding educational, scholarly, and cultural experiences to both degree-seeking UNC students and visiting global students in the context of an open leading U.S. public research university.

Goals:

1. To have additional well-qualified global students in attendance and enrolled in a full-time program of study on the UNC campus, further globalizing UNC's student body and leading to enhanced cultural exchange.
2. To offer opportunities for our strategic global partners and other partner universities and nations to send students to UNC for up to one year of study outside of the standard student exchange framework. This will increase the capacity of UNC to meet requests for such opportunities from abroad while not altering the classical in-state/non-resident student enrollment balance outlined in the University's admissions policies.
3. To promote cross-cultural communication and global learning involving a diverse combination of global and domestic students.
4. To better integrate global perspectives in the classroom and to encourage all students to think creatively about addressing prescient global issues.
5. To provide our exchange partners with a mechanism through which they can enroll students who wish to attend Carolina on a short-term basis when our exchange relationship is out of balance.

Programmatic Plan:

1. Establish enrollment goals: We seek to enroll students at sophomore, junior or senior undergraduate level, and at the graduate level. We plan to identify capable students from a range of nations who have the academic and linguistic proficiency to fully participate and excel in the academic and cultural environment at UNC. We plan to receive inaugural applications for the *Global Visiting Students Program* during spring 2013, for fall 2013 enrollment. Academic credit for UNC programs should be transferable to students' home institutions and approved by the students' home institutions prior to enrollment.

The goal initially will be to grow an undergraduate program that draws upon instructional capacity in the following schools:

- College of Arts and Sciences
- School of Education
- School of Journalism and Mass Communication
- Kenan-Flagler Business School
- Health Sciences Schools, Information and Library Science, as requested
- Summer School

Graduate students will be enrolled based upon program, school and department fit.

Program enrollment (at the undergraduate level) will grow slowly as follows:

- a. Year One: 20 students limited to UNC's strategic partners, and Brazil's Scientific Mobility Program, and a select few exchange partner universities.
- b. Year Two: 40 students involving a mix of students from UNC's strategic partners, government-sponsored programs including Brazil's Scientific Mobility Program, plus some applicants from select exchange partner universities and other sources.
- c. Year Three: 60 students. Convene an evaluation effort after Year Three to set future enrollment goals and growth plan based upon early experiences. Examine instructional and administrative capacity, and schools and student experiences. All students will be given materials to evaluate the program; student transcripts will be evaluated to gauge performance.

2. Define entry criteria: Bring together the Office of Undergraduate Admissions and the Study Abroad Office to establish and endorse entry criteria. It is recommended that we consider the following criteria for enrollment of undergraduate exchange students:
 - a. Applications submitted to the Study Abroad Office by March 15 for fall enrollment and October 15 for spring enrollment.
 - b. Equivalency grade point average of 3.2 on a 4.0 scale.
 - c. A high level of English language proficiency with a minimum score of 100 on the TOEFL iBT, a minimum score of 600 on the TOEFL PBT, or a band score of 7.0 or higher on the IELTS.
 - d. Personal statement/essay; official college transcript; letter of approval from the home university's international office or equivalent; academic references (2); Housing Preference form; and other application materials as requested by the online site: <http://studyabroad.unc.edu/incoming/apply.cfm>.
 - e. Graduate student entry requirements will be developed with input from the UNC Graduate School and component units.
3. Identify Leadership and Administration: *Global Visiting Students Program* will be administered by the UNC Study Abroad Office under the direction of Dr. Robert Miles. Additional staff support for this endeavor would be drawn from tuition and fees generated by the program and in the long-term, this program would be expected to be self-supporting.
4. Establish Funding Plan: A Financial and Administrative Planning Sub-Committee was convened under the leadership of Dwayne Pinkney (membership includes: Tammy McHale, DeAhn Baucom, Chris Derickson, Lynn Williford, Bob Miles and Christopher Payne).

Last year there were 1,747 full time students from abroad on campus from 102 nations. There were:

- 461 undergraduates
- 983 graduate
- 303 non degree-seeking international exchange students
- Plus 582 global post-docs
- Plus 1,238 international scholars from 82 countries

Overall, there were 3,567 students, trainees and scholars from other nations on the UNC campus last year. More UNC undergraduate students are abroad each semester than we have in-coming exchange students. Currently, we have exchange students coming to UNC from partner universities in which the student pays tuition to their home university and we endeavor to keep in-bound and out-bound exchange student numbers balanced over a 3 to 5 year cycle.

Through the Study Abroad Office, last year UNC had 1,216 UNC undergraduates studying abroad. Interest abroad in attending Carolina for a semester or a year has grown beyond the capacity of exchanges with partner universities. Several nations have already indicated their desire to send UNC fully funded students in such an arrangement.

Students participating in the *Global Visiting Students Program* would cover their own out-of-state tuition costs without the benefit of financial aid from UNC. Some of the students would enroll through full-scholarship programs made available through their home countries. Incoming students would be required to provide the International Student Certification of Finances.

The funding plan for the *Global Visiting Students Program* would depend on the collection of tuition and fees at UNC's standard non-resident rate, plus an additional fee to the Study Abroad Office. For the *Global Visiting Students Program* to succeed there would need to be a Provost Office assurance that resources would be provided back to units offering instruction or services.

The Finance Workgroup Recommendation on Funding Model (November 16, 2012) considered the major issues involving the cost of supporting the proposed program. Those considerations include the following:

- Student costs (and the structure of those costs)
- Institutional costs
 - Instructional
 - Administrative
- Resource management / revenue flow
- Enrollment/tuition revenue model

The goals of the Workgroup involved recommending a funding model that addresses the costs of the units supporting the Program; that is relatively simple to administer; and that facilitates the enrollment of global visiting students. The Workgroup proposes the following basic model:

- Totally receipts-based (off-the-funding-growth model) program
- Special Fee to support the direct administrative cost of the program

The tuition receipts would support the instructional costs of the program, with tuition revenue flowing to the unit(s) that offered instruction in the prior semester. The tuition funds flow would be retrospective, based on actual enrollment. Tuition revenue would also cover overhead costs of the program, given that no additional State dollars would accrue to the University based on enrollments in this program. Tuition revenue will be divided between instructional and overhead costs based on an approximate 80/20 percent calculation. This percentage split can be adjusted as necessary as the program develops. **Global Visiting Students would pay the nonresident tuition rate approved at the time of their enrollment.**

The direct administrative costs of the program would be supported by a special fee that would be charged to those students participating in the program. This fee would be set at a price sufficient to cover these direct administrative costs and the revenues would be allocated to those units providing direct support for the program. There remain significant details to be finalized prior to the implementation of the program and the funding model. This document provides an outline of the recommended funding model, but the Workgroup recognizes that other considerations or additional information regarding the feasibility of marketing the program might have an impact on the final decision.

5. Develop Student Services Plan: Advance planning will be required to arrange for:
 - On-campus dormitory rooms, dining and housing plan with Student Affairs
 - Health insurance (Campus Health)
 - Visa assistance (ISSS)
 - Orientation (ISSS/Study Abroad Office)
 - Welcoming materials and events (ISSS/Study Abroad Office/Global Relations)
 - Possible Living-Learning opportunities
 - Learning and Writing Center assistance
 - Cultural events, travel opportunities, holiday gap plans
 - Creation of appropriate enrollment codes (Study Abroad Office/Registrar/Cashier's Offices)
 - Administrative and academic support systems such as billing, registration in academically appropriate courses, registration priority, and academic advising
 - Personal support systems such as social and cultural integration assistance, logistical support, and counseling

6. Initiate a Marketing plan: Outreach to partner universities, sponsoring governments, and others as program grows, will be required to inform eligible students and universities of the *Global Visiting Students Program*. This effort will be led by Katie Bowler, Director of Global Relations.

Additional recommendations:

- Ensure that an offer letter or publicity materials clearly indicate that acceptance into this program is not an acceptance into the University's degree-seeking program, nor should the study be pursued as a transition to permanent employment in the United States.
- Solicit the feedback of the standing Advisory Committee on International Students for continued improvements in student support

Submitted on behalf of UNC Global Visiting Student Program Planning Group:

(*student representatives)

- | | |
|-----------------------|---------------------|
| • Ron Strauss (Chair) | • Melissa McMurray |
| • Jonathan Hartlyn | • Brian Min* |
| • Elizabeth Barnum | • Robert Miles |
| • Deahn Baucom | • Christopher Payne |
| • Katie Bowler | • Dwayne Pinkney |
| • Rob Bruce | • Stephanie Schmitt |
| • Peter Brews | • Niklaus Steiner |
| • Chris Derickson | • Lynn Williford |
| • Steve Farmer | • Frank Wu* |
| • Björn Hennings | |
| • Daniel Lebold | |
| • Will Leimenstoll* | |
| • Xin Liu* | |
| • Tammy McHale | |

(Global Visiting Students
Program Plan 1-3-13)

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
January 24, 2013

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Effective Date	Salary
Personnel Actions							
New Appointments without Tenure							
1	Health Affairs	Jill Fisher	Social Medicine	N/A	Assistant Professor	2/1/2013	\$90,000
2	Health Affairs	Eniko Rak	Allied Health Sciences	N/A	Assistant Professor	2/1/2013	\$75,000
3	Health Affairs	Scott Williams	Pathology & Laboratory Medicine	N/A	Associate Professor	4/1/2013	\$100,000
Addition of Joint Appointment Tenure Track							
0							
Promotion to Full Professor							
1	Health Affairs	Paola Gehrig	Obstetrics & Gynecology	Associate Professor	Professor	2/1/2013	\$303,264
2	Health Affairs	Penny Gordon-Larson	Nutrition	Associate Professor	Professor	2/1/2013	\$166,980
3	Academic Affairs	Diane Juffras	School of Government	Associate Professor	Professor	2/1/2013	\$119,620
4	Health Affairs	Stephen Whalen	Environmental Sciences and Engineering	Associate Professor	Professor	2/1/2013	\$98,000
Reappointments to the same Rank							
1	Health Affairs	Ronald Chen	Radiation Oncology	Assistant Professor	Assistant Professor	6/30/2013	\$230,000
2	Health Affairs	Bhishamj Chera	Radiation Oncology	Assistant Professor	Assistant Professor	6/30/2013	\$230,000
3	Health Affairs	Rose Cory	Environmental Sciences and Engineering	Assistant Professor	Assistant Professor	1/1/2014	\$81,000
4	Health Affairs	George Holmes	Health Policy and Management	Assistant Professor	Assistant Professor	5/1/2014	\$151,800
5	Academic Affairs	Trevy McDonald	School of Journalism and Mass Communications	Assistant Professor	Assistant Professor	1/1/2014	\$71,840
6	Health Affairs	William Valdar	Genetics	Assistant Professor	Assistant Professor	3/1/2014	\$103,000
Designation/Reappointments to Departmental Chair (Interim)							
1	Academic Affairs	Richard McLaughlin	Mathematics	Professor	Interim Department Chair (designation) Professor	1/1/2013	\$144,693
2	Health Affairs	Eric Rivera	Endodontics	Professor and Acting Department Chair	Professor and Department Chair (reappointment)	1/25/2013	\$176,464
Designation/Reappointments to Distinguished Professorship							
1	Academic Affairs	Shenyang Guo	School of Social Work	Professor	Wallace H. Kurlalt Sr. Distinguished Professor	1/25/2013	\$114,343
Actions Conferring Tenure							
Promotion Conferring Tenure							
1	Academic Affairs	Adam Mersereau	Kenan-Flagler School of Business	Assistant Professor	Associate Professor	7/2/2013	
2	Health Affairs	Christopher Miller	Pathology & Laboratory Medicine (primary)	Associate Professor	Professor	4/1/2013	\$158,168
3	Academic Affairs	Bradley Staats	Kenan-Flagler School of Business	Assistant Professor	Associate Professor	7/2/2013	
4	Health Affairs	Qisheng Zhang	Pharmacy	N/A	Associate Professor	1/25/2013	\$91,416
New Appointments Conferring Tenure							

ATTACHMENT K

The University of North Carolina at Chapel Hill
EXECUTIVE SUMMARY
Board of Trustees
January 24, 2013

Appendix A

No.	College/Division	Name	Dept./School	Current Rank	New Rank	Effective Date	Salary
1	Academic Affairs	Paschal Sheeran	Psychology	N/A	Professor	7/1/2013	\$160,000

* Total 21

Corrections							
0							

EXECUTIVE SUMMARY

Board of Trustees

January 24, 2013

No.	College/Division	Name	Department/School	Rank	Reason	Requested Increase Amount	Percent of Increase	Current Salary	New Salary	Effective Date
Compensation Actions						* Available funding for each action has been confirmed by the appropriate Department and School/Division management officials to support the proposed salary increase. Upon implementation, specific funding sources are reviewed and approved at the Department level, as well as by the applicable University Central financial offices, including the University Budget Office and the Office of Sponsored Research for grant-funded salaries.				
1	Academic Affairs	Shenyang Guo *	SOSW	Distinguished Professor	Distinguished Professor Appointment	\$12,828	11.22%	\$114,343	\$127,171	1/25/2013
2	Health Affairs	Stephen Parsons	Pediatrics	Clinical Assistant Professor	Increase in job duties and	\$68,236	29.44%	\$231,764	\$300,000	2/9/2013
3	Health Affairs	Anthony Tackman	Pediatrics	Clinical Assistant Professor	responsibilities	\$32,200	12.02%	\$267,800	\$300,000	2/9/2013
4	Health Affairs	Laurie Dunn	Pediatrics	Clinical Associate Professor	Increase in job duties and responsibilities	\$17,124	5.75%	\$297,876	\$315,000	2/9/2013
5	Health Affairs	Carolyn Moore	OB-GYN	Clinical Assistant Professor	Increase based on Equity	\$30,000	25.00%	\$120,000	\$150,000	2/9/2013

* Requested increase is dependent on approval of personnel action in this month's Appendix A

No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non-Salary Compensation	Effective Date	End Date
Non-Salary Compensation Actions									
1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA

The University of North Carolina at Chapel Hill

EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees

Meeting Date - 01/24/2013

Compensation Actions

No.	College/Division	Name	Department/School	Rank/Title	Reason	Requested Increase \$\$	Requested Increase %	June 30 Salary	Current Salary	Proposed Salary	Effective Date
1	Athletics	Brewer, Gunter	Athletics	Assistant Football Coach	Labor Market Adjustment - Per Contractual Agreement	75,000	42.86	175000.00	\$175,000	\$250,000	1/1/2013
2	Kenan-Flagler Business School	Brody, Lynne	Kenan-Flagler Business School	Assistant Dean, Human Resources	Labor Market Adjustment	12,100	14.94	81000.00	84,717	93,100	1/24/2013
3	School of Medicine	Deal, Allison	Lineberger Comprehensive Cancer Ctr	Biostatistician Researcher	Additional duties	9,133	13.87	65867.00	70,000	75,000	1/24/2013
4	School of Medicine	Dekroon, Robert	Lineberger Comprehensive Cancer Ctr	Research Associate	Additional duties	6,000	12.00	50000.00	51,500	56,000	1/24/2013
5	University Advancement	Morgan, Laura	University Advancement	Director of University Events	Additional duties	20,851	20.64	101000.00	106,050	121,851	2/8/2013
6	Finance	Press, Dennis	University Controller	Assistant Vice Chancellor & Controller	Labor Market Adjustment	21,320	14.73	144700.00	159,025	166,020	1/24/2013
7	Finance	Snipes, Betsi	Payroll Services	Director, Payroll Services	Additional duties	15,433	14.90	103580.00	113,834	119,013	1/24/2013
8	Finance	Smith, Brian	Treasury & Risk Mgmt Svcs	Director, Treasury & Risk Mgmt Svcs	Labor Market Adjustment	16,003	14.90	107400.00	118,033	123,403	1/24/2013
9	School of Medicine	Spacek, Melissa	Gastroint Biology & Disease Center	Clinical Research Coordinator	Retention	12,738	14.90	85491.00	88,056	98,229	1/24/2013
10	School of Pharmacy	Sykes, Donald	School of Pharmacy	Bioanalytical Assay Development Scientist	Additional duties	12,081	13.42	90000.00	91,081	102,081	1/24/2013
11	Athletics	Timmermans, Thomas	Athletics	Assistant Director of Compliance and Financial Aid	Additional duties	5,250	15.00	35000.00	35,420	40,250	1/24/2013
12	University Advancement	Wolfe, Brent	WUNC Radio	News Director	Additional duties	13,049	17.88	73000.00	74,825	86,049	2/8/2013
13	School of Medicine	Pedersen, Susan	HIV/STDS Infectious Disease Center	Project Manager	Additional duties	8,374	12.35	67807.00	71,197	76,181	1/24/2013
						0	#DIV/0!				
						0	#DIV/0!				

The University of North Carolina at Chapel Hill

EXECUTIVE SUMMARY (EPA Non-Faculty)

Board of Trustees

Meeting Date - 01/24/2013

No.	College/Division	Name	Department/School	Rank	Reason	Total Monetary Value of Non-Salary Compensation	Duration of Non- Salary Compensation	Effective Date	End Date		
Non-Salary Compensation Actions											
1	None										
2											

Information Items											
1	None										

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Gunter Brewer	
EMPLOYEE TYPE:		Permanent	
CURRENT RANK/TITLE/SPACCLASS TITLE:		EPA Non-Faculty	
NEW RANK/TITLE: (if applicable)		Assistant Football Coach	
SCHOOL/DIVISION & DEPT:		Athletics	
REASON FOR INCREASE:		New Hire Contract Negotiation Adjustment	
PROPOSED EFFECTIVE DATE:		01/01/2013	

JUNE 30th BASE SALARY:	\$175,000		
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	\$0	If not applicable, enter "0" in currency field	
JUNE 30th TOTAL SALARY:	\$175,000		
Source(s):	State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
	Non-State:	\$175,000	
Source of Non-State Funds:		TRUST	

CURRENT BASE SALARY:	\$175,000	PERCENTAGE OF INCREASE TO BASE:	0.00%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		AMOUNT OF INCREASE TO BASE:	\$0
(post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
CURRENT TOTAL SALARY:	\$175,000	TOTAL PERCENT OF SALARY INCREASE:	0.00%
Source(s):	State:	\$0	
	Non-State:	\$175,000	
Source of Non-State Funds:		TRUST	

RECOMMENDED BASE SALARY:	\$250,000	PERCENTAGE OF INCREASE TO BASE:	42.86%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	0	AMOUNT OF INCREASE TO BASE:	\$75,000
(post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
RECOMMENDED TOTAL SALARY:	\$250,000	TOTAL PERCENT OF SALARY INCREASE:	42.86%
Source(s):	State:	\$0	
	Non-State:	\$250,000	
Source of Non-State Funds:		TRUST	

TOTALS:	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:	42.86%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:	\$75,000
	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:	\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:	42.86%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR:	\$75,000

☒ **Yes** **BOG APPROVAL REQUIRED**

☐ **Yes** **BOG APPROVAL REQUIRED**

THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): **Base**

REASON CODE (SELECT ONE): **8 - Non-State Funds Other (must explain in comments)**

Salary increase request is adjust salary to be in accordance with the new hire negotiations when the new football staff was hired in January 2012. Agreement was for beginning salary to be \$175,000 and increase to \$250,000 effective January 1, 2013. Term of employment is for two (2) years and six (6) months, for the period January 2, 2012 through June 30, 2014.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Gunter Brewer
Proposed Effective Date of Increase: 01/01/2013

APPROVALS:

Department / Center Head Approval: Lawrence R. Cunningham Director of Athletics 11/28/2012
(Type Name) (Type Title) Date

Dean/Vice Chancellor Approval: N/A
(Type Name) (Type Title) Date

AVC OHR/Provost Approval (when required): Reviewed by AVC HR Brady 1/18/13
(Type Name) (Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by: Joyce Dalglish HR Manager 11/28/2012
(Type Name) (Type Title) Date

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing insitutional policies and procedures for
for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance,
OSP compliance)

Submission Instructions:

For Faculty Increases: Email this form to the Academic Personnel Office at apo@unc.edu

EPA Non-Faculty:

For increases of **10% or greater**: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

For increases **less than 10%**: Please attach this form to the Salary/FTE action in EPAWeb

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

DEPARTMENT OF ATHLETICS

ERNIE WILLIAMSON ATHLETIC CENTER
PO BOX 3126
150 SKIPPER HOWLES DRIVE (DELIVERY)
CHAPEL HILL, NC 27515

T 919-962-6000
F 919-962-7199
hubbac@unc.edu
www.terheelhills.com

LAWRENCE R. CONNOLLY
Director of Athletics

CONFIDENTIAL

January 26, 2012
(Revised July 1, 2012)

Gunter A. Brewer
Football Office
Kenan Football Center
CAROLINA CAMPUS

Dear Gunter:

Congratulations and welcome to The University of North Carolina at Chapel Hill. I am pleased to inform you that the appropriate University offices have approved your appointment to the position of Assistant Football Coach in the Department of Athletics. Under the "EPA Non-Faculty Employment Policies of UNC-Chapel Hill," your position is classified as Instructional Staff. Your appointment is conditional on your signed acceptance of the terms and conditions stated in this letter, and the terms and conditions set out in the "EPA Non-Faculty Appointee Certifications and Conditions of Employment" (Form AP-2a) document, which you have already signed and returned to this office. Please note that your University employment begins, and you will be placed on the payroll, when you have submitted all required documentation, including a signed copy of this letter of appointment.

Your term of employment is for a term of two (2) years and six (6) months, beginning January 2, 2012 and ending June 30, 2014. Your initial salary will be \$175,000 per year based on a regular work schedule of 1.0 FTE and will be reviewed annually. The Department of Athletics is responsible for initiating any increases in your salary, and any salary adjustments or one-time supplemental payments are entirely subject to relevant legislative action, and the salary increase or budgetary guidelines issued by UNC General Administration as well as required departmental and campus administrative approvals. Subject to the above stated legislative and budgetary guidelines and approvals, it is the intention of the Department of Athletics to adjust your base salary as follows:

<u>Effective Date</u>	<u>% Increase</u>	<u>Amount of Increase</u>	<u>New Base Salary</u>
January 1, 2013	42.86%	\$75,000	\$250,000

Your employment will be subject to the "Employment Policies for EPA Non-Faculty Research Staff, Instructional Staff, and Tier II Senior Academic and Administrative Officers of the University of North Carolina at Chapel Hill" as defined in those policies as originally adopted and as they may be periodically revised. A copy of the policies currently in effect is enclosed with this letter and is also available at any time by consulting the University's Office of Human Resources web site (hr.unc.edu). Under current policy, you are entitled to 24 days (192 hours) per year of annual leave, and 12 days (96 hours) per year of sick leave for full-time service, and both amounts are pro-rated for part-time schedules provided you maintain a half-time schedule or greater. Up to 30 days (240 hours) of annual leave may be carried forward from calendar year to year with any excess balance converted to sick leave at

year-end. Please note that at the time your appointment may end, your leave payout is determined based on whether you have more or less than 2 years of leave-earning service with local or state government within North Carolina. Sick leave is not paid out at appointment's end.

You shall have such duties, responsibilities, and obligations as are assigned to you from time to time by the Head Football Coach and/or the Director of Athletics. The University reserves the right to adjust your duties from time to time during the period of your employment, but such duties shall always be consistent with those typically assigned to FBS football coaches.

Please be advised that you are required to abide by all applicable NCAA, ACC, and University rules. You are responsible at all times for being knowledgeable of, and assuring that you conduct yourself in compliance with, all applicable governing constitutions, by-laws, legislation, rules, policies, interpretations, and regulations of the NCAA, the ACC, and the University. You must immediately advise the Department of Athletics' Compliance Office if you have reason to believe that violations have occurred or will occur, and you must cooperate fully in any investigation of possible violations conducted or authorized by the NCAA, the ACC, and/or the University at any time.

Should you accept employment with another institution or entity during your term of appointment, your appointment will cease and your University employment will terminate on the earlier of the dates that your employment with such other institution or entity is made public or the date such employment begins, and you will receive only that compensation due to you from the University through such termination date. You will also be subject to the provisions in Attachment II of this letter.

Special Provisions Regarding Supplemental Pay

In addition to your annual salary:

- Should the football team participate in post-season play and should you coach in that game, you will receive a supplemental payment for increased responsibilities equivalent to one-twelfth of your then current annual salary, as recommended by the Head Coach and approved by the Director of Athletics.
- An additional supplement may be awarded from the Pope Endowment, in an amount deemed appropriate by the Director of Athletics and in accordance with the prerequisites set forth in the endowment provisions.
- You may also be eligible to receive supplemental compensation for additional duties as allowed by University compensation policies, upon recommendation of the head football coach and approved by the Director of Athletics and appropriate University offices.

As provided in the University's Employment Policies for EPA Non-Faculty Employees, your appointment may be terminated at any time for "Cause." Cause is defined in Attachment I to this appointment letter.

Please be advised that, as required by NCAA regulations (Bylaw 11.2.2) and University policy, you are required to receive prior written approval for all external professional activities for pay, which includes any athletically-related income and benefits from sources outside the institution.


All materials including, without limitation, recruiting records, team information, films, and/or statistics furnished to you by the University, or developed by you on behalf of the University, or at the University's direction in connection with your employment by the University, are and shall remain the sole property of the University. To the extent that the University Copyright Policy confers on you any ownership interest in such materials, by your signature below you irrevocably assign all your rights, title, and ownership in such materials to the University. If the University requests the return of such materials at any time during, at, or after the termination of your employment, you shall immediately return the same to the University, along with any other University property or property made available to you by the University that is then in your possession.

The Department's Mission Statement and its statement on Principles of Operation both clearly outline a commitment to academic success (copies attached). We all want academic and athletics success for our program, and I know that you will uphold the University's commitment to academic standards, requirements, and policies, and promote an environment in which admissions, financial aid, academic services for student-athletes, and recruiting can be conducted consistently with the University's mission and our departmental statements. Consistent with that commitment, and as a condition of your appointment, please sign the attached copies of the Department's Confidentiality Statement and the Department's Certification of Ethical Conduct, both of which are attached to this letter, to indicate your present and future compliance with the terms of those documents.

Please indicate your acceptance of the conditions of your appointment as described in this letter by signing and dating the enclosed copy of this letter and returning it to Joyce Dalgleish no later than two (2) weeks from the date of this letter.

We are pleased with your affiliation with the Carolina athletics program.

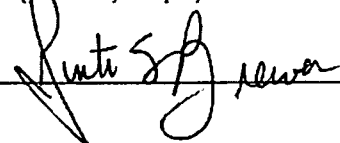
Yours truly,


Lawrence R. Cunningham
Director of Athletics

Enclosures

cc: Larry Fedora, Head Football Coach
Office of Human Resources

Acknowledgment by Employee:

Signed:  _____

Date: 7/27/12

Attachment I to Appointment Letter for Gunter A. Brewer

The University may terminate this appointment for Cause at any time upon written notice to the Coach. For purposes hereof, "Cause" shall mean the following:



- (a) material failure to perform any of the duties specified in the appointment letter, as they may subsequently be amended in the discretion of the Department of Athletics;
- (b) a violation by the Coach, or knowing participation by the Coach in a violation, or a violation which the Coach condoned, of a NCAA regulation or bylaw, or of an ACC regulation or bylaw, or of a policy of or applicable to the University. For purposes of this Section, whether or not a violation has occurred shall be reasonably determined in the sole discretion of the University after its review of the relevant facts and circumstances;
- (c) conviction by the Coach of any felony or any crime that involves dishonesty, or behavior by Coach that displays a continual or serious disrespect for the integrity and ethics of the University;
- (d) any other material breach by Coach of the terms of this Agreement or of University policy; or
- (e) any of those causes specified in Section VIII.1 of the *Employment Policies for EPA/ Non-Faculty Research Staff, Instructional Staff, and Tier II Senior Academic and Administrative Officers of the University of North Carolina at Chapel Hill*, attached hereto and incorporated herein by reference, as such Employment Policies may be amended from time to time.

In the event of a termination of Coach for "Cause," the University's sole obligation to Coach shall be payment of his compensation earned from the University through the date of such termination, and any eligible leave payout as afforded under the University's EPA Non-Faculty employee policies.

Any process to terminate Coach for Cause shall be conducted in compliance with all relevant University policies.

Attachment II to Appointment Letter for Gunter A. Brewer

Liquidated Damages Paid to University on Termination by Coach Without Cause

- (a) Coach recognizes that his promise to work for University for the entire term of this Agreement is an essential consideration in University's decision to employ him as Assistant Football Coach. Coach also recognizes that the University is making a highly valuable investment in his continued employment by entering into this Agreement and its investment would be lost or diminished were he to resign or otherwise terminate his employment as Assistant Football Coach with University prior to the expiration of this Agreement. That said, Coach may terminate this Agreement for any reason upon written notice to University.
- (b) In the event that Coach terminates his employment with the University without cause from January 2, 2012 through June 30, 2013, then Coach shall pay University liquidated damages in lieu of any and all other legal remedies or equitable relief in an amount equal to ~~fifty thousand dollars (\$50,000)~~. ^{Twenty Five} 25,000. 
- (c) In the event that Coach terminates his employment with the University without cause from July 1, 2013 through June 30, 2014, then Coach shall not be required to pay University liquidated damages in lieu of any and all other legal remedies or equitable relief. 

Payment of the total amount determined pursuant to Sections (b) or (c) shall be made by Coach, or Coach's designee in a lump sum within ninety (90) days after the effective date of Coach's termination of the Agreement.

- (d) The parties have bargained for and agreed to the liquidated damages provisions set forth in the Agreement II, giving consideration to the following: The parties acknowledge that the University will incur administrative, recruiting, resettlement and other costs in obtaining a replacement Coach in addition to potentially increased compensation costs and loss of ticket, broadcast or other revenues and fan and donor support, which damages are difficult to determine with certainty. Therefore, the parties have agreed upon this liquidated damages provision and further agree that the liquidated damages provided for herein are reasonable in amount and not a penalty.
- (e) Coach shall have the right to terminate this Agreement for cause without the necessity of his payment of the amounts contemplated in Section (b) or (c) above if there is a failure by the University to pay or to provide for the payment on a timely basis of the amounts due Coach under this Agreement, and the University fails to cure such breach within ten (10) business days of the Coach's providing written notice to the Director of Athletics and Chancellor.
- (f) The parties agree that Coach shall be required to notify the Director of Athletics and Chancellor prior to engaging in discussions with other

institutions through their representatives or agents, including discussions related to offers of administrative opportunities at other educational institutions. The University may waive the liquidated damages required hereunder in the event that Coach obtains a new position that constitutes a promotion, as determined in the discretion of the Director of Athletics and the Head Coach. For purposes of this provision, the following positions will be considered a promotion:

Head Coach (Collegiate or Professional)

Offensive or Defensive Coordinator (Collegiate or Professional)


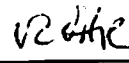
Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Lynne Brody	
EMPLOYEE TYPE:		Permanent EPA Non Faculty	
CURRENT RANK/TITLE/SPACCLASS TITLE:		EPA Non-Faculty Human Resources	
NEW RANK/TITLE: (if applicable)		N/A	
SCHOOL/DIVISION & DEPT:		Kenan-Flagler Business School	
REASON FOR INCREASE:		Market Increase	
PROPOSED EFFECTIVE DATE:		January 24, 2013	
JUNE 30th BASE SALARY:		\$81,000	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		\$0	(if not applicable, enter "0" in currency field)
JUNE 30th TOTAL SALARY:		\$81,000	
Source(s):	State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
Source of Non-State Funds:	Non-State:	\$81,000	
			trust funds
CURRENT BASE SALARY:		\$84,717	PERCENTAGE OF INCREASE TO BASE: 4.69%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS:			AMOUNT OF INCREASE TO BASE: \$3,717
TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO STIPEND: \$0
CURRENT TOTAL SALARY:		\$84,717	TOTAL PERCENT OF SALARY INCREASE: 4.58%
Source(s):	State:	\$0	
Source of Non-State Funds:	Non-State:	\$84,717	overhead
RECOMMENDED BASE SALARY:		\$93,100	PERCENTAGE OF INCREASE TO BASE: 9.895%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:			AMOUNT OF INCREASE TO BASE: \$8,383
(post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO STIPEND: \$0
RECOMMENDED TOTAL SALARY:		\$93,100	TOTAL PERCENT OF SALARY INCREASE: 9.90%
Source(s):	State:	\$0	
Source of Non-State Funds:	Non-State:	\$93,100	overhead and trust
TOTALS:		TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR: 14.94%	
		TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR: \$12,100	
		TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR: \$0	
		TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR: 14.94%	
		TOTAL INCREASE AMOUNT FOR FISCAL YEAR: \$12,100	
<div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Yes BOG APPROVAL REQUIRED </div> <div> <input type="checkbox"/> No BOG APPROVAL REQUIRED </div> </div>			
THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Select One (drop down) REASON CODE (SELECT ONE): Select One (drop down)			
<p>UNC Kenan-Flagler requests a market increase for Lynne Brody, Assistant Dean for Human Resources. Ms. Brody's current salary, \$84,717 is 22% below the reference rate for her position based on the new salary guidelines for EPA Non Faculty Employees. This increase will move her to 11% below the reference rate. Although her salary will remain below the reference rate, we believe the amount is reasonable based the scope of her current job duties and budgetary resources. The HR office in Kenan-Flagler is responsible for all HR actions in the School, including faculty, EPA Non Faculty, SPA, student employees and temporary employees-approximately 500 employees. Ms. Brody's position requires independent decision making and significant discretion. Band E: Human Resources, Job Level 2: Current salary: \$84,717 Min salary: \$73,900 Reference Rate: \$103,400 Max Salary: \$133,000</p>			

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Lynne Brody
Proposed Effective Date of Increase:

APPROVALS:

Department / Center Head Approval:	Dave Stevens	Associate Dean for Business and Operations	12/18/2012
	(Type Name)	(Type Title)	Date
Dean/Vice Chancellor Approval:	Jim Dean	Dean, Kenan-Flagler Business School	12/18/2012
	(Type Name)	(Type Title)	Date
AVC OHR/Provost Approval (when required):			1/14/12
	(Type Name)	(Type Title)	Date

DEPARTMENT CERTIFICATION:

Prepared by:	Dave Stevens	Associate Dean for Business and Operations	12/18/2012
	(Type Name)	(Type Title)	Date

To be completed by originating unit:

☒

By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

For Faculty Increases: Email this form to the Academic Personnel Office at apo@unc.edu

EPA Non-Faculty:

For increases of 10% or greater: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

For increases less than 10%: Please attach this form to the Salary/FTE action in EPAWeb

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		ALLISON DEAL	
EMPLOYEE TYPE:		EPA	
CURRENT RANK/TITLE/SPACCLASS TITLE:		BIostatistician RESEARCHER	
NEW RANK/TITLE: (If applicable)		SENIOR BIostatistician RESEARCHER	
SCHOOL/DIVISION & DEPT:		SOM/Lineberger	
ADDITIONAL DUTIES			
PROPOSED EFFECTIVE DATE:		01/24/2013	
JUNE 30th BASE SALARY:		\$65,867	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:			If not applicable, enter '0' in currency field
JUNE 30th TOTAL SALARY:		\$65,867	
Source(s):	State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
Source of Non-State Funds:	Non-State:	\$65,867	
UCRF CONTRACTS AND GRANTS			
CURRENT BASE SALARY:		\$72,400	PERCENTAGE OF INCREASE TO BASE: 9.92%
TOTAL CURRENT TO DATE STIPENDS/ SUPPLEMENTS/ TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO BASE: \$6,533
CURRENT TOTAL SALARY:		\$72,400	TOTAL PERCENT OF SALARY INCREASE: 9.92%
Source(s):	State:	\$0	
Source of Non-State Funds:	Non-State:	\$72,400	
UCRF CONTRACTS AND GRANTS			
RECOMMENDED BASE SALARY:		\$75,000	PERCENTAGE OF INCREASE TO BASE: 3.59%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO BASE: \$2,600
RECOMMENDED TOTAL SALARY:		\$75,000	AMOUNT OF INCREASE TO STIPEND: \$0
Source(s):	State:		
Source of Non-State Funds:	Non-State:	\$75,000	
UCRF CONTRACTS AND GRANTS			
TOTALS:		TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR: 13.87%	
		TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR: \$9,133	
		TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR: \$0	
		TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR: 13.87%	
		TOTAL INCREASE AMOUNT FOR FISCAL YEAR: \$9,133	
<div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Yes BOT APPROVAL REQUIRED </div> <div> <input type="checkbox"/> No BOG APPROVAL REQUIRED </div> </div>			
THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base REASON CODE (SELECT ONE): 2 - Adjustment related to an increase in job duties or responsibilities			
INCREASED JOB DUTIES. Ms. Deal is a Senior biostatistician researcher at LCCC involved in the analysis of clinical trials data sets and development of statistical for cancer control, epidemiological and other large research studies. This proposed increase is for assuming the role of oversight/consulting/coordinating biostatistical research for the Center's Geriatric Cancer Program which also includes working with investigators to create research methods, data sets and power formulas for the project.			

Recommendation for EPA Base Salary Adjustment or Supplement

➤ (for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Allison Deal
Proposed Effective Date of Increase: 01/24/13

APPROVALS:

Department / Center Head Approval:	<u>H. S. Earp III MD</u>	<u>Director</u>	<u>12/21/2012</u>
	(Type Name)	(Type Title)	Date
Dean/Vice Chancellor Approval:	<u>William L. Roper, MD, MPH</u>	<u>Dean, SOM</u>	<u>12/28/2012</u>
	(Type Name)	(Type Title)	Date
AVC OHR/Provost Approval (when required):	<u>Reviewed by</u>	<u>AVC HR Body</u>	<u>1/18/13</u>
	(Type Name)	(Type Title)	Date

DEPARTMENT CERTIFICATION:

Prepared by:	<u>V Brock</u>	<u>HR Manager</u>	<u>12/21/2012</u>
	(Type Name)	(Type Title)	Date

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing institutional policies and procedures for for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu. Post-Docs do not require BOT/BOG approval.

For Faculty increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

NOTE: For EPA NF permanent and temporary employees, this form should be attached to Salary/FTE action on EPA Web.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		ROBERT DEKROON	
EMPLOYEE TYPE:		EPA	
CURRENT RANK/TITLE/SPACCLASS TITLE:		RESEARCH ASSOCIATE	
NEW RANK/TITLE: (If applicable)			
SCHOOL/DIVISION & DEPT:		SOM/Lineberger	
ADDITIONAL DUTIES			
PROPOSED EFFECTIVE DATE:		01/04/2013	
JUNE 30th BASE SALARY:		\$50,000	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:			If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:		\$50,000	
Source(s):	State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
Source of Non-State Funds:	Non-State:	\$50,000	
CONTRACT AND GRANT			
CURRENT BASE SALARY:		\$51,500	PERCENTAGE OF INCREASE TO BASE: 3.00%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO BASE: \$1,500
CURRENT TOTAL SALARY:		\$51,500	AMOUNT OF INCREASE TO STIPEND: \$0
Source(s):	State:	\$0	TOTAL PERCENT OF SALARY INCREASE: 3.00%
Source of Non-State Funds:	Non-State:	\$51,500	
CONTRACT AND GRANT			
RECOMMENDED BASE SALARY:		\$56,000	PERCENTAGE OF INCREASE TO BASE: 8.74%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO BASE: \$4,500
RECOMMENDED TOTAL SALARY:		\$56,000	AMOUNT OF INCREASE TO STIPEND: \$0
Source(s):	State:	\$56,000	TOTAL PERCENT OF SALARY INCREASE: 8.74%
Source of Non-State Funds:	Non-State:		
CONTRACT AND GRANT			
TOTALS:		TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR: 12.00%	
		TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR: \$6,000	
		TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR: \$0	
		TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR: 12.00%	
		TOTAL INCREASE AMOUNT FOR FISCAL YEAR: \$6,000	
<div style="display: flex; justify-content: space-around;"> <div> <input checked="" type="checkbox"/> Yes BOT APPROVAL REQUIRED </div> <div> <input type="checkbox"/> No BOG APPROVAL REQUIRED </div> </div>			
THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base REASON CODE (SELECT ONE): 2 - Adjustment related to an increase in job duties or responsibilities			
INCREASED JOB DUTIES: Mr. Dekroon is a Molecular Biologist/protein Biochemist responsible for performing statistical analysis for differential protein expression using Decyder and EDA computer programs & development & interpretation of Protein Network Interactions using Ingenuity, Cytoscape & Protein IQ. Recent newly added duties include: Supervise and oversee services as a Core Resource to provide Systems Proteomics to campus investigators. Consult and develop methods for experimental outcomes based on the project structure and timeline. Provide expertise in spot picker technology and sample conductivity. Develop goals and measurements for the Core's success and potential expansion.			

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: ROBERT DEKROON
Proposed Effective Date of Increase: 01/01/2013

APPROVALS:

Department / Center Head Approval: <u>H. S. Earp III MD</u>	Director	1/4/2013
(Type Name)	(Type Title)	Date

Dean/Vice Chancellor Approval: <u>William L. Roper, MD, MPH</u>	Dean, SOM	1/10/2013
(Type Name)	(Type Title)	Date

AVC OHR/Provost Approval (when required): <u>Reviewed by</u>	<u>AVC HR Brock</u>	<u>1/10/13</u>
(Type Name)	(Type Title)	Date

DEPARTMENT CERTIFICATION:

Prepared by: <u>V Brock</u>	HR Manager	1/4/2013
(Type Name)	(Type Title)	Date

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu. Post-Docs do not require BOT/BOG approval.

For Faculty increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

NOTE: For EPA NF permanent and temporary employees, this form should be attached to Salary/FTE action on EPA Web.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:	Laura Morgan		
EMPLOYEE TYPE:	EPA-NF		
CURRENT RANK/TITLE/SPACCLASS TITLE:	Director of University Events		
NEW RANK/TITLE: (If applicable)	N/A		
SCHOOL/DIVISION & DEPT:	University Advancement-University Relations		
REASON FOR INCREASE:	Permanent additional duties/responsibilities		
PROPOSED EFFECTIVE DATE:	01/15/2013		

JUNE 30th BASE SALARY:	\$101,000	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	\$0	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:	\$101,000	
Source(s):	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical/faculty practice plan, etc.
State:	\$101,000	
Non-State:		
Source of Non-State Funds:		Trust

CURRENT BASE SALARY:	\$106,050	PERCENTAGE OF INCREASE TO BASE:	5.00%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS:		AMOUNT OF INCREASE TO BASE:	\$5,050
TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
CURRENT TOTAL SALARY:	\$106,050	TOTAL PERCENT OF SALARY INCREASE:	6.00%
Source(s):	\$0		
State:	\$106,050		
Non-State:			
Source of Non-State Funds:			Trust

RECOMMENDED BASE SALARY:	\$121,851	PERCENTAGE OF INCREASE TO BASE:	14.90%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO BASE:	\$15,801
	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
RECOMMENDED TOTAL SALARY:	\$121,851	TOTAL PERCENT OF SALARY INCREASE:	14.90%
Source(s):	\$0		
State:	\$121,851		
Non-State:			
Source of Non-State Funds:			Trust

	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:	20.64%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:	\$20,851
TOTALS:	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:	\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:	20.64%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR:	\$20,851

<input checked="" type="checkbox"/> Yes BOG APPROVAL REQUIRED	<input checked="" type="checkbox"/> Yes BOG APPROVAL REQUIRED
---	---

THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base

REASON CODE (SELECT ONE): 2 - Adjustment related to an increase in job duties or responsibilities

We are recommending an out-of-cycle salary increase for Laura Morgan effective January 15, 2013, in the amount of \$15,801 which represents a total increase of 15.6% of her June 30th (\$101,000) base due to permanent additional duties/responsibilities. These additional duties and responsibilities represent a portion of the duties that were held by Brenda Kirby, the Office of the Secretary and the Office of the Chancellor, who retired in July 2012.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Michael McFarland
Proposed Effective Date of Increase: 01/15/2013

APPROVALS:

Department / Center Head Approval:	<u>Erin Schuettpeiz, Chief of Staff and University Secretary</u>	<u>12/17/2012</u>
	(Type Name) (Type Title)	Date
Dean/Vice Chancellor Approval:	<u>Erin Schuettpeiz, Chief of Staff and University Secretary</u>	<u>12/17/2012</u>
	(Type Name) (Type Title)	Date
AVC OHR/Provost Approval (when required):	<u>Reviewed by AVC HR Brady</u>	<u>1/11/13</u>
	(Type Name) (Type Title)	Date

DEPARTMENT CERTIFICATION:

Prepared by: Lisa Waldeck, Human Resources Manager 12/17/2012
(Type Name) (Type Title) Date

To be completed by originating unit:

☒

By checking this box, the preparer certifies that all existing insitutional policies and procedures for
for employment decisions have been followed (i.e.,tenure and promotion process, employment approvals, UNC code compliance,
OSP compliance)

Submission Instructions:

For Faculty Increases: Email this form to the Academic Personnel Office at apo@unc.edu

EPA Non-Faculty:

For increases of 10% or greater: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

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For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

OFFICE OF UNIVERSITY DEVELOPMENT

Mailing Address T 919.962.2336
PO BOX 309 F 919.962.2387
CHAPEL HILL, NC 27514-0309 giving.unc.edu

Delivery Address
208 W. FRANKLIN STREET
CHAPEL HILL, NC 27516-2520

Campus Address
CAMPUS BOX 6100

TO: Matt Brody
Associate Vice Chancellor for Human Resources
Office of Human Resources
CB# 1045

FROM: Erin Schuettpeiz *ES*
Chief of Staff and University Secretary
Office of the Chancellor
CB# 9100

DATE: January 4, 2013

SUBJECT: Out-of-Cycle Salary Increase for Laura Morgan

We are recommending an out-of-cycle salary increase for Laura Morgan effective February 11, 2013, in the amount of \$15,801 which represents a total increase of 15.6% of her June 30th (\$101,000) base due to permanent additional duties/responsibilities. These additional duties and responsibilities represent a portion of the duties that were held by Brenda Kirby, the Office of the Secretary and the Office of the Chancellor, who retired in July 2012.

In the past the Office of the Secretary acted as the contact point for the Commencement Committee and the Office of the Chancellor for all University Ceremonies, including University Day, Commencement, Honorary Degree Ceremony and Dinner and the Davie Dinner.

These responsibilities have been assumed by Laura, Director of University Events. In this new role, Laura will coordinate the Commencement Committee in all interactions around speakers and Honorary Degree awardees. She will determine the best opportunities for Trustees and special guests of the University to meet or socialize with the speaker and awardees.

Below are additional responsibilities coming from the Office of the Secretary that will be assumed by Laura.

- Commencement:
 - Beginning with the offer to the speaker, coordinate all arrangements and correspondence. Once the acceptance is secured, maintain role of point of contact for Speaker and family.
 - Beginning with the notification of the award, coordinate all arrangements and correspondence, Honorary degree recipients.
 - Arrange hotels, transport and special appearance requests for the period of the Chapel Hill visit.
 - Coordinate regalia for platform party, handle robing for platform party, host robing area and trouble shoot as needed.
 - Draft and send the letter of invitation from HT to accept the Honorary Degree, keeps track of the acceptances.
 - Determine which Faculty member will host/sponsor each HD. Invite the Faculty member and work with them to understand their responsibilities as sponsor

- Liaison with GA, corresponding with the office of the President and the BOG chair or representative.
 - Secure press and photo information, guest lists and any special needs from each awardee or speaker.
 - Pay all the bills associated with the above.
- University Day and the Distinguished Alum Award Breakfast:
 - Coordinate all arrangements and correspondence with University Day speaker and Distinguished Alum Award recipients.
 - Arrange hotels, transport and special appearance requests.
 - Coordinate regalia rentals for platform party, handle robing for platform party, host robing area and trouble shoot as needed.
 - Draft and send on behalf of the Chancellor the letter of invitation to accept the award, keeps track of the acceptances. Determine which Faculty member will host/sponsor each awardee.
 - Liaison with GA, corresponding with the office of the President and the BOG chair or representative.
 - Secure press and photo information, guest lists and any special needs from each awardee or speaker.
 - Pay all the bills associated with the above.
- Davie Awards:
 - Notify winners, compiles the list of winners and corresponds with them.
 - Match trustees with winners.
 - Coordinate travel plans, hotel stays, guest lists and publicity.
- Hooding Ceremony:
 - Coordinate all arrangements and correspondence with Hooding speaker and members of the platform party.
 - Arrange hotels, transport and special appearance requests.
 - Coordinate regalia rentals for platform party, handle robing for platform party, host robing area and trouble shoot as needed.
- Laura will also oversee the new responsibilities of the Special Events Coordinator including the Quail Hill house management, charitable ticket purchases and special events organized by Patti Thorp.

We believe this out-of-cycle salary increase will compensate Laura for assuming these critical duties and responsibilities. Please feel free to contact me if additional information is needed. Thank you for your consideration.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Dennis Press	
EMPLOYEE TYPE:		EPA Permanent	
CURRENT RANK/TITLE/SPACCLASS TITLE:		Senior Admin Tier II, University Controller	
NEW RANK/TITLE: (If applicable)		Senior Admin Tier II, Assistant Vice Chancellor & Controller	
SCHOOL/DIVISION & DEPT:		Finance Division/ Assistant Vice Chancellor & Controller	
REASON FOR INCREASE:		Market Rate Increase	
PROPOSED EFFECTIVE DATE:		12.1.2012	

JUNE 30th BASE SALARY:	\$144,700	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	\$0	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:	\$144,700	
Source(s):	State:	2-22311, 3-22311, 3-22261
	Non-State:	
Source of Non-State Funds:		

Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.

CURRENT BASE SALARY:	\$159,025	PERCENTAGE OF INCREASE TO BASE:	9.90%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		AMOUNT OF INCREASE TO BASE:	\$14,325
TEMP ASSIGNMENTS:			
(post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
CURRENT TOTAL SALARY:	\$159,025	TOTAL PERCENT OF SALARY INCREASE:	9.90%
Source(s):	State:	2-22311, 3-22311, 3-22261	
	Non-State:		
Source of Non-State Funds:			

RECOMMENDED BASE SALARY:	\$166,020	PERCENTAGE OF INCREASE TO BASE:	4.40%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		AMOUNT OF INCREASE TO BASE:	\$6,995
(post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
RECOMMENDED TOTAL SALARY:	\$166,020	TOTAL PERCENT OF SALARY INCREASE:	4.40%
Source(s):	State:	2-22311, 3-22311, 3-22261	
	Non-State:		
Source of Non-State Funds:			

	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:	9.90%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:	\$21,320
TOTALS:	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:	\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:	14.73%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR:	\$21,320

No

BOT APPROVAL REQUIRED

No

BOG APPROVAL REQUIRED

THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base

REASON CODE (SELECT ONE): 4 - Career progression adjustments for demonstrated competencies

JUSTIFICATION: A review of the salaries of management/leadership staff in Finance, it has been determined that the salaries are low in comparison to market data for similar positions, specifically when compared to the 80th percentile of the CUPA Carnegie classification. Dennis Press serves as Assistant Vice Chancellor and University Controller and is paid 62% of the CUPA Carnegie classification. The proposed increase will move him to the 68th percentile. The average salary for Peer Institutions is \$181,852 and the 50th percentile for Western Management Group (EduComp) is \$201,845. Salaries for individuals in similar roles on campus range from \$149,539 to \$188,091. The above data shows that Mr. Press's salary significantly lags the market and his campus colleagues who hold comparable positions.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Dennis Press
Proposed Effective Date of Increase: November 1, 2012

APPROVALS:

Department / Center Head Approval:

(Type Name)	(Type Title)	Date
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Dean/Vice Chancellor Approval:	<u>Kevin Seitz</u>	<u>Associate VC Finance</u>	<u>12.1.2012</u>
	(Type Name)	(Type Title)	Date

AVC OHR/Provost Approval (when required):	<u>Reviewed by AVC HR Brody</u>	<u>1/11/13</u>
	(Type Name)	(Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by:	<u>Norma Newton</u>	<u>Finance Business Manager</u>	<u>12.1.2012</u>
	(Type Name)	(Type Title)	Date

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

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EPA Non-Faculty:

increases of 10% or greater: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

For increases less than 10%: Please attach this form to the Salary/FTE action in EPAWeb

Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

For

For

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:	Brian Smith		
EMPLOYEE TYPE:	EPA Permanent		
CURRENT RANK/TITLE/SPACCLASS TITLE:	Director		
NEW RANK/TITLE: (if applicable)	Director		
SCHOOL/DIVISION & DEPT:	Finance Division/ Treasury & Risk Management Services		
REASON FOR INCREASE:	Market Rate Increase		
PROPOSED EFFECTIVE DATE:	12.1.2012		

JUNE 30th BASE SALARY:	\$107,400	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	\$0	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:	\$107,400	
Source(s): State: 3-15454,3-12194,2-22606		Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
Source of Non-State Funds: Non-State:		

CURRENT BASE SALARY:	\$118,033	PERCENTAGE OF INCREASE TO BASE: 9.90%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO BASE: \$10,633
CURRENT TOTAL SALARY:	\$118,033	AMOUNT OF INCREASE TO STIPEND: \$0
Source(s): State: 3-15454,3-12194,2-22606		TOTAL PERCENT OF SALARY INCREASE: 9.90%
Source of Non-State Funds: Non-State:	\$0	

RECOMMENDED BASE SALARY:	\$123,403	PERCENTAGE OF INCREASE TO BASE: 4.55%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO BASE: \$5,370
RECOMMENDED TOTAL SALARY:	\$123,403	AMOUNT OF INCREASE TO STIPEND: \$0
Source(s): State: 3-15454,3-12194,2-22606		TOTAL PERCENT OF SALARY INCREASE: 4.55%
Source of Non-State Funds: Non-State:		

	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR: 9.90%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR: \$10,633
TOTALS:	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR: \$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR: 14.90%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR: \$16,003

☒ **NO** BOT APPROVAL REQUIRED

☐ **NO** BOG APPROVAL REQUIRED

THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base

REASON CODE (SELECT ONE): 4 - Career progression adjustments for demonstrated competencies

JUSTIFICATION: A review of the salaries of management/leadership staff in Finance has been determined that the salaries are low in comparison to market data for similar positions, specifically when compared to the 80th percentile of the CUPA Carnegie classification. Brian Smith serves as Director of Treasury and Risk Management Services and is paid at the 66th percentile of the CUPA Carnegie classification. The proposed increase will move him to the 72nd percentile. The average salary for Peer Institutions is \$120,939 and the 50th percentile for Western Management Group (EduComp) is \$138,894. The above data shows that Mr. Smith's salary significantly lags the market and given the critical nature of his role at the University, we feel that the proposed salary increase is justified.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Brian Smith
Proposed Effective Date of Increase: November 1, 2012

APPROVALS:

Department / Center Head Approval:

<u>(Type Name)</u>	<u>(Type Title)</u>	<u>Date</u>
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Dean/Vice Chancellor Approval: <u>Kevin Seitz</u>	<u>Associate VC Finance</u>	<u>12.1.2012</u>
<u>(Type Name)</u>	<u>(Type Title)</u>	<u>Date</u>

AVC OHR/Provost Approval (when required): <u>Reviewed by AVC HR Brody</u>		<u>11/11/13</u>
<u>(Type Name)</u>	<u>(Type Title)</u>	<u>Date</u>

DEPARTMENT CERTIFICATION:

Prepared by: <u>Norma Newton</u>	<u>Finance Business Manager</u>	<u>12.1.2012</u>
<u>(Type Name)</u>	<u>(Type Title)</u>	<u>Date</u>

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

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Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

For

For

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Elizabeth C Snipes	
EMPLOYEE TYPE:		EPA Permanent	
CURRENT RANK/TITLE/SPACCLASS TITLE:		Senior Admin Tier II, Director Payroll Services	
NEW RANK/TITLE: (If applicable)		Enter New Rank/Title if applicable	
SCHOOL/DIVISION & DEPT:		Finance Division, Payroll Services	
REASON FOR INCREASE:		Permanant adjustment related to increase in job duties/responsabilities	
PROPOSED EFFECTIVE DATE:		12.1.2012	
JUNE 30th BASE SALARY:		\$103,580	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		\$0	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:		\$103,580	
Source(s):	State:	2-22371	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
	Non-State:		
Source of Non-State Funds:			
CURRENT BASE SALARY:		\$113,834	PERCENTAGE OF INCREASE TO BASE: 9.90%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:			AMOUNT OF INCREASE TO BASE: \$10,254
TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO STIPEND: \$0
CURRENT TOTAL SALARY:		\$113,834	TOTAL PERCENT OF SALARY INCREASE: 9.90%
Source(s):	State:	2-22371	
	Non-State:	\$0	
Source of Non-State Funds:			
RECOMMENDED BASE SALARY:		\$119,013	PERCENTAGE OF INCREASE TO BASE: 4.55%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:			AMOUNT OF INCREASE TO BASE: \$5,179
(post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO STIPEND: \$0
RECOMMENDED TOTAL SALARY:		\$119,013	TOTAL PERCENT OF SALARY INCREASE: 4.55%
Source(s):	State:	2-22371	
	Non-State:	\$0	
Source of Non-State Funds:			
TOTALS:		TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR: 14.90%	
		TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR: \$15,433	
		TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR: \$0	
		TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR: 14.90%	
		TOTAL INCREASE AMOUNT FOR FISCAL YEAR: \$15,433	
<div style="display: flex; justify-content: space-around;"> <div> <input checked="" type="checkbox"/> Yes BOT APPROVAL REQUIRED </div> <div> <input type="checkbox"/> No BOG APPROVAL REQUIRED </div> </div>			
THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Select One (drop down) REASON CODE (SELECT ONE): Select One (drop down)			
JUSTIFICATION: The justification for a salary increase for the Director of Payroll Services position relates to the ConnectCarolina project. The ERP implementation for the PeopleSoft systems requires an extended time commitment from the Director, requires learning complex, new software applications, requires a restructure of payroll processes and business practices, and requires management of staff for both project implementation and ongoing payroll operations. The integration of PeopleSoft HR and payroll modules with Financial modules and the campus Solution modules necessitates new interfaces and interactions with other departments. These additional skill sets, time commitments, and business processes are not limited to the duration of the implementation phase of the project but represent ongoing practices. Therefore, the justification represents a permanent need for a salary increase. Request and approved per Assistant VC & Controller to allow remainder of increase to be approved to Payroll Director. Total increase 14.9 % from June 30th base salary of \$103,580.			

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Elizabeth C. Snipes

Proposed Effective Date of Increase: 12.1.2012

APPROVALS:

Department / Center Head Approval: Dennis Press University Controller 12.1.2012
(Type Name) (Type Title) Date

Dean/Vice Chancellor Approval: Kevin Seltz Associate VC Finance 12.01.2012
(Type Name) (Type Title) Date

AVC OHR/Provost Approval (when required): Reviewed by AVC HR Brady 1/11/13
(Type Name) (Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by: Norma Newton Finance Business Manager 12.01.2012
(Type Name) (Type Title) Date

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

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For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Melissa Spacek	
EMPLOYEE TYPE:		EPA-NF	
CURRENT RANK/TITLE/SPACCLASS TITLE:		Clinical Research Coordinator	
NEW RANK/TITLE: (If applicable)		Enter New Rank/Title if applicable	
SCHOOL/DIVISION & DEPT:		School of Medicine/CGIBD/Medicine	
REASON FOR INCREASE:		Retention	
PROPOSED EFFECTIVE DATE:		12/20/12	

JUNE 30th BASE SALARY:	\$85,491	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	\$0	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:	\$85,491	
Source(s): State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty, practice plan, etc.
Non-State:	\$85,491	
Source of Non-State Funds:	Grants, Clinical Trials, Patient Revenue	

CURRENT BASE SALARY:	\$88,056	PERCENTAGE OF INCREASE TO BASE:	3.00%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO BASE:	\$2,585
CURRENT TOTAL SALARY:	\$88,056	TOTAL PERCENT OF SALARY INCREASE:	3.00%
Source(s): State:	\$0		
Non-State:	\$88,056		
Source of Non-State Funds:	Grants, Clinical Trials, Patient Revenue		

RECOMMENDED BASE SALARY:	\$98,229	PERCENTAGE OF INCREASE TO BASE:	11.55%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO BASE:	\$10,173
RECOMMENDED TOTAL SALARY:	\$98,229	TOTAL PERCENT OF SALARY INCREASE:	11.55%
Source(s): State:	\$0		
Non-State:	\$98,229		
Source of Non-State Funds:	Grants, Clinical Trials, Patient Revenue		

TOTALS:	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:	14.90%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:	\$12,738
	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:	\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:	14.90%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR:	\$12,738

☒ **Yes** **BOT APPROVAL REQUIRED**

☐ **No** **BOG APPROVAL REQUIRED**

THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): **Base**

REASON CODE (SELECT ONE): **3 - Retention**

JUSTIFICATION: Melissa Spacek received an attractive job offer of \$97,000 from a primary care organization. Fortunately, she has chosen to stay with the CEDAS team, working in the Department of Medicine, Division of Gastroenterology Biology & Disease Center. However, her current compensation is inadequate for her experience, past training and degree of expertise. Of note, she is compensated at a lower level than other midlevel practitioners in GI, and at a lower level than the other midlevel practitioner in CEDAS, despite having a longer tenure with the group and more pertinent experience. This salary inversion is in part due to the fact that the other midlevel clinicians in GI were recruited from external sources. Melissa is the clinical "quarterback" of the esophageal group, managing a busy group of 5 clinicians, 2 administrative assistants, and other ancillary support. In this role, she helps triage patients to appropriate care, and cares for our post-operative patients, again increasing both the number of patients we see and quality of the service that the center provides. Melissa is an integral part of the CEDAS team, which, in turn is a prolific and high-profile service within the medical center. The team's ability to do what they do and to care for patients at a level that brings them regional and national recognition would be greatly diminished without Melissa's services. This salary justification is primarily for retaining this excellent employee and providing her with appropriate compensation.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Melissa Spacek
Proposed Effective Date of Increase: 12/20/12

APPROVALS:

Department / Center Head Approval: Robert S Sandler Chief, Division of Gastroenterology and Hepatology 11/15/2012
(Type Name) (Type Title) Date

Dean/Vice Chancellor Approval: William L. Roper, MD, MPH Dean, SOM 11/16/2012
(Type Name) (Type Title) Date

AVC OHR/Provost Approval (when required): Reviewed by AVC HR Brady 1/11/13
(Type Name) (Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by: Shelly Fritts HR Facilitator 11/15/2012
(Type Name) (Type Title) Date

To be completed by originating unit:

☒

By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

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UNC
SCHOOL OF MEDICINE

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

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T 919.966.0090
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rsandler@med.unc.edu

ROBERT S. SANDLER, MD, MPH
*Nina C. and John T. Sessions
Distinguished Professor of Medicine
Chief, Division of Gastroenterology
and Hepatology*

November 14, 2012

William L. Roper, MD, MPH
UNC School of Medicine
4030 Bondurant Hall
Campus Box 7000
Chapel Hill, NC 27599

Re: Salary Increase Request for Melissa Spacek, NP

Dear Dean Roper,

I am writing in strong support of an increase in the salary of Melissa Spacek, NP, a midlevel practitioner in CEDAS, the Center for Esophageal Diseases and Swallowing, in the Department of Medicine, Division of Gastroenterology Biology & Disease Center. Melissa Spacek received an attractive job offer of \$97,000 from a primary care organization. As a result, we would like to recommend a salary increase for Melissa in the amount of \$98,229.00 with an effective date of December 20, 2012 with the purpose of retaining her. Melissa sees patients autonomously as a provider for our group, and commonly works at the level of a sophisticated physician clinician in evaluating patients referred by outside physicians. In this capacity, she greatly extends both the numbers of new patient evaluations we can make, as well as facilitating endoscopy bookings at both Memorial Hospital and Meadowmont outpatient endoscopy unit. Because of her outstanding clinical skills, Dr. Nicholas Shaheen is able to provide same-day clinic and endoscopy services for our patients, an absolutely vital aspect of the care at CEDAS, since many of our patients come from 2 or more hours drive away, and not infrequently come from other states.

Melissa has a unique background, which makes her ideally suited to her current role. She has worked for a total of 17 years for our institution. Prior to joining CEDAS, she worked as an endoscopy nurse at UNC for 7 years. After 2 years in the unit, she was made Nurse Manager of the UNC Hospitals Endoscopy Unit, in charge of more than 30 employees, in recognition of her abilities and leadership skills. This was a position she held for about 5 years. She brought this extensive knowledge of endoscopy procedures and care of the endoscopy patient to the CEDAS group, which is largely focused on endoscopic management of patients. While with the CEDAS group, she also earned her Nurse Practitioner degree, giving her added functionality, since she can now do independent evaluations and work with autonomy. She would be irreplaceable should she leave.

Melissa is also the clinical "quarterback" of the esophageal group, managing a busy group of 5 clinicians, 2 administrative assistants, and other ancillary support. In this role, she helps triage patients to appropriate care, and cares for our post-operative patients, again increasing both the number of patients we see and

quality of the service that the center provides. It is common for her to provide effective, timely care which will avert a poor outcome, or a recurrent hospitalization, an especially important feature of her work at CEDAS, given both the acuity of our patients and the evolving focus on quality of care. She makes careful decisions following evidenced-based practice regarding even the most sophisticated management issues. Also, she is a critical element in the administrative structure of the team, and is essentially the day-to-day supervisor of our administrative team with respect to clinical issues. Further, she aids in our research mission, which increases our profile nationally, and stimulates referrals.

Melissa recently received an attractive job offer of \$97,000 from a primary care organization seeking to recruit her away from UNC. This group recognized her clinical acumen and potential for augmenting their service line. Fortunately, she has chosen to stay with the CEDAS team. However, her current compensation is inadequate for her experience, past training and degree of expertise. Of note, she is compensated at a lower level than other midlevel practitioners in GI, and at a lower level than the other midlevel practitioner in CEDAS, despite having a longer tenure with the group and more pertinent experience. This salary inversion is in part due to the fact that the other midlevel clinicians in GI were recruited from external sources, making it essential to make a competitive salary offer, while Melissa has grown her career through UNC, and her salary has not kept pace with her talents, accomplishments, experience and additional education.

Melissa is an integral part of the CEDAS team, which, in turn is a prolific and high-profile service within the medical center. The CEDAS team's ability to do what we they do and to care for patients at a level that brings them regional and national recognition would be greatly diminished without Melissa's services. Please help us in retaining this excellent employee and providing her with appropriate compensation.

Sincerely,



X _____
Robert S. Sandler, MD, MPH
Nina C. and John T. Sessions
Distinguished Professor of Medicine
Chief, Division of Gastroenterology and Hepatology

X _____
William L. Roper, MD, MPH
Dean, SOM
Vice Chancellor for Medical Affairs
CEO, UNC Health Care System

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Donald Craig Sykes	
EMPLOYEE TYPE:		Permanent	
CURRENT RANK/TITLE/SPACCLASS TITLE:		Bioanalytical Assay Development Scientist	
NEW RANK/TITLE: (If applicable)		Enter New Rank/Title if applicable	
SCHOOL/DIVISION & DEPT:		Pharmacy	
REASON FOR INCREASE:		Increase in job duties and responsibilities/market rate	
PROPOSED EFFECTIVE DATE:		01-25-13	

JUNE 30th BASE SALARY:		\$90,000	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		\$0	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:		\$90,000	
Source(s):	State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
	Non-State:	\$90,000	
Source of Non-State Funds:		grants/trusts	

CURRENT BASE SALARY:		\$91,081	PERCENTAGE OF INCREASE TO BASE:	12.0%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS:			AMOUNT OF INCREASE TO BASE:	\$1,081
TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
CURRENT TOTAL SALARY:		\$91,081	TOTAL PERCENT OF SALARY INCREASE:	12.0%
Source(s):	State:	\$0		
	Non-State:	\$91,081		
Source of Non-State Funds:		grants/trusts		

RECOMMENDED BASE SALARY:		\$102,081	PERCENTAGE OF INCREASE TO BASE:	12.08%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO BASE:	\$11,000
RECOMMENDED TOTAL SALARY:		\$102,081	AMOUNT OF INCREASE TO STIPEND:	\$0
			TOTAL PERCENT OF SALARY INCREASE:	12.08%
Source(s):	State:	\$0		
	Non-State:	\$102,081		
Source of Non-State Funds:		grants/trusts		

TOTALS:	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:		13.42%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:		\$12,081
	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:		\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:		13.42%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR:		\$12,081

☒ **Yes** **BOG APPROVAL REQUIRED**

☐ **No** **BOG APPROVAL REQUIRED**

THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base

REASON CODE (SELECT ONE): 2 - Adjustment related to an increase in job duties or responsibilities

JUSTIFICATION: Mr. Sykes provides support for all CFAR Clinical Pharmacology and Analytical Chemistry Core activities and is responsible for development of innovative LC-MS analytical methods for small molecules and biologics in complex preclinical and clinical biological matrices and small sample volumes. His duties have increased to involve Business development : interfacing with regional leaders in analytical chemistry to forge new collaborations and develop new techniques to offer CFAR investigators and Teaching: monthly continuing education to laboratory chemists in new instrumentation and techniques; training of professional, graduate, and postdoctoral students in analytical chemistry techniques.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Donald Craig Sykes
Proposed Effective Date of Increase: 01-25-13

APPROVALS:

Department / Center Head Approval: Kim L.R. Brouwer William R. Kenan, Jr., Distinguished Professor & Chair 12/10/2012
(Type Name) (Type Title) Date

Dean/Vice Chancellor Approval: Robert A. Blouin Dean & Vaughn & Nancy Bryson Distinguished Prof 12/10/2012
(Type Name) (Type Title) Date

AVC OHR/Provost Approval (when required): Reviewed by AVC HR only 1/11/13
(Type Name) (Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by: Veronica D. Bellamy HR Consultant 12/10/2012
(Type Name) (Type Title) Date

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu. Post-Docs do not require BOT/BOG approval.

For Faculty increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

NOTE: For EPA NF permanent and temporary employees, this form should be attached to Salary/FTE action on EPA Web.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:		Thomas Timmermans	
EMPLOYEE TYPE:		Permanent	
CURRENT RANK/TITLE/SPACCLASS TITLE:		EPA Non-Faculty	
NEW RANK/TITLE: (If applicable)		Associate Director of Compliance-Monitoring	
SCHOOL/DIVISION & DEPT:		Athletics	
REASON FOR INCREASE:		Increase duties and responsibilities	
PROPOSED EFFECTIVE DATE:		01/01/2013	
JUNE 30th BASE SALARY:		\$35,000	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		\$0	If not applicable, enter "0" in currency field
JUNE 30th TOTAL SALARY:		\$35,000	
Source(s):	State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
	Non-State:	\$35,000	
Source of Non-State Funds:		TRUST	
CURRENT BASE SALARY:		\$35,420	PERCENTAGE OF INCREASE TO BASE: 1.20%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS:			AMOUNT OF INCREASE TO BASE: \$420
TEMP ASSIGNMENTS: (post-June 30th cumulative)		\$0	AMOUNT OF INCREASE TO STIPEND: \$0
CURRENT TOTAL SALARY:		\$35,420	TOTAL PERCENT OF SALARY INCREASE: 1.20%
Source(s):	State:	\$0	
	Non-State:	\$35,420	
Source of Non-State Funds:		TRUST	
RECOMMENDED BASE SALARY:		\$40,250	PERCENTAGE OF INCREASE TO BASE: 13.64%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		0	AMOUNT OF INCREASE TO BASE: \$4,830
		\$0	AMOUNT OF INCREASE TO STIPEND: \$0
RECOMMENDED TOTAL SALARY:		\$40,250	TOTAL PERCENT OF SALARY INCREASE: 13.64%
Source(s):	State:	\$0	
	Non-State:	\$40,250	
Source of Non-State Funds:		TRUST	
TOTALS:		TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR: 15.00%	
		TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR: \$5,250	
		TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR: \$0	
		TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR: 15.00%	
		TOTAL INCREASE AMOUNT FOR FISCAL YEAR: \$5,250	
<div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Yes BOT APPROVAL REQUIRED </div> <div> <input type="checkbox"/> No BOG APPROVAL REQUIRED </div> </div>			
THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base REASON CODE (SELECT ONE): 8 - Non-State Funds Other (must explain in comments)			
As a result of departmental reorganization, and to be responsive to the NCAA Committee on Infractions findings, the Department of Athletics is restructuring to better serve the needs of UNC athletic department and sports programs. This position has been assigned duties and responsibilities to better review and audit all facets required by the University, ACC and NCAA by monitoring NCAA, ACC and UNC rules and regulations associated with current and former student-athletes, prospective student-athletes, departmental staff members, University staff and representatives of athletic interest groups (i.e., boosters). This will provide better oversight for our programs.			

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Thomas Timmermans

Proposed Effective Date of Increase: 01/01/2013

APPROVALS:

Department / Center Head Approval: Lawrence R. Cunningham Director of Athletics 1/7/2013
(Type Name) (Type Title) Date

Dean/Vice Chancellor Approval: N/A
(Type Name) (Type Title) Date

AVC OHR/Provost Approval (when required): Reviewed by AVC HR Brody 1/11/13
(Type Name) (Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by: Joyce Dalgleish HR Manager 1/7/2013
(Type Name) (Type Title) Date

To be completed by originating unit:

☒

By checking this box, the preparer certifies that all existing insitutional policies and procedures for
for employment decisions have been followed (i.e.,tenure and promotion process, employment approvals, UNC code compliance,
OSP compliance)

Submission Instructions:

For Faculty Increases: Email this form to the Academic Personnel Office at apo@unc.edu

EPA Non-Faculty:

For increases of **10% or greater**: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

For increases **less than 10%**: Please attach this form to the Salary/FTE action in EPAWeb

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:	Brent Wolfe		
EMPLOYEE TYPE:	Permanent		
CURRENT RANK/TITLE/SPACCLASS TITLE:	News Director (EPA Non-Faculty)		
NEW RANK/TITLE: (If applicable)	Same		
SCHOOL/DIVISION & DEPT:	WUNC Radio/University Relations		
REASON FOR INCREASE:	Permanent Increase in Duties		
PROPOSED EFFECTIVE DATE:	February 9, 2013		

JUNE 30th BASE SALARY:	\$73,000	
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	\$0	If not applicable, enter '0' in currency field
JUNE 30th TOTAL SALARY:	\$73,000	
Source(s): State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.
Non-State:	\$73,000	
Source of Non-State Funds:		

CURRENT BASE SALARY:	\$74,825	PERCENTAGE OF INCREASE TO BASE:	2.50%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO BASE:	\$1,825
CURRENT TOTAL SALARY:	\$74,825	TOTAL PERCENT OF SALARY INCREASE:	2.50%
Source(s): State:	\$0		
Non-State:	\$74,825		
Source of Non-State Funds:			

RECOMMENDED BASE SALARY:	\$86,049	PERCENTAGE OF INCREASE TO BASE:	15.00%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS: (post-June 30th cumulative)		AMOUNT OF INCREASE TO BASE:	\$11,224
RECOMMENDED TOTAL SALARY:	\$86,049	AMOUNT OF INCREASE TO STIPEND:	\$0
Source(s): State:	\$0	TOTAL PERCENT OF SALARY INCREASE:	15.00%
Non-State:	\$86,049		
Source of Non-State Funds:			

TOTALS:	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:	17.88%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:	\$13,049
	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:	\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:	17.88%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR:	\$13,049

<input type="checkbox"/> Yes BOT APPROVAL REQUIRED	<input type="checkbox"/> Yes BOG APPROVAL REQUIRED
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THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Stipend/Supplement

REASON CODE (SELECT ONE): 8 - Non-State Funds Other (must explain in comments)

JUSTIFICATION: Enter detailed justification here (PLEASE NOTE IF THE INCREASE IS TO THE BASE SALARY OR IS AN INCREASE TO THE STIPEND/SUPPLEMENT/TEMPORARY ASSIGNMENTS). Permanent Increase in duties- please see attached memo outlining additional duties to position.

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: _____
Proposed Effective Date of Increase: _____

APPROVALS:

Department / Center Head Approval: Connie Walker Director (General Manager)
(Type Name) (Type Title) Date

Dean/Vice Chancellor Approval: Nancy K. Davis Assoc V/C, University Relations
(Type Name) (Type Title) Date

AVC OHR/Provost Approval (when required): Reviewed by AVC HR body 11/11/13
(Type Name) (Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by: Bob Levin Deputy Director
(Type Name) (Type Title) Date

To be completed by originating unit:



By checking this box, the preparer certifies that all existing institutional policies and procedures for employment decisions have been followed (i.e., tenure and promotion process, employment approvals, UNC code compliance, OSP compliance)

Submission Instructions:

For Faculty Increases: Email this form to the Academic Personnel Office at apo@unc.edu

EPA Non-Faculty:

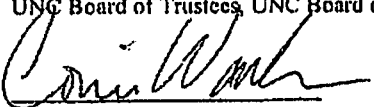
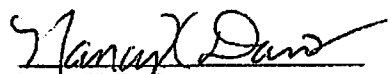
For increases of 10% or greater: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

For increases less than 10%: Please attach this form to the Salary/FTE action in EPAWeb

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

MEMORANDUM

To: UNC-CH Vice-Chancellor for Human Resources
UNC Board of Trustees, UNC Board of Governors

From:  
Connie Walker
General Manager/Director WUNC
Nancy K. Davis
Associate V/C, University Relations

Date: January 3, 2013

Re: Out of cycle salary increase request
Brent Wolfe, PID 7082-24357

WUNC wishes to request a permanent salary increase for EPA Non-Faculty employee Brent Wolfe. Mr. Wolfe's current salary is \$74,825 and we are requesting an increase of 15% to \$86,049. Brent Wolfe's prior salary on 06/30/2012 was \$73,000. The increase for the fiscal year from the 06/30 amount of \$73,000 to \$86,049 represents a total base percentage increase of 17.8%.

This increase is being requested for a permanent increase in duties that resulted following a restructuring that merged WUNC's daily talk show The State of Things with the News Department. What was once two distinct departments is now one, supervised by our News Director Brent Wolfe. Note that no state dollars fund Mr. Wolfe's salary; WUNC is a self-supporting department at UNC-Chapel Hill and is funded through donor gifts and other non-state funding sources.

There are 2 main areas where there has been an expansion of duties for Mr. Wolfe:

- 1) **Description Duty 1: Supervision of employees**
Following a re-organization, the News Director now has 4 additional direct reports and is responsible for the editorial direction of WUNC's daily talk show The State of Things. The number of direct reports goes from 6 to 10. This includes two (2) Assistant News Directors who will play significant editorial leadership in the department.
- 2) **Description Duty 2. Editorial Leadership**
The News Director is now responsible for ALL North Carolina based content produced at WUNC. This is a significant responsibility; WUNC's weekly audience in North Carolina is 350,000 listeners, and contributes to our public service. Prior to the restructuring, the News Director was solely responsible for the editorial integrity of reporter features and newscast material. The addition of The State of Things requires a dynamic skill set.

3) Description Duty 3. Daily Production

The News Director is now responsible for significantly more content. The addition of The State of Things to the News Department requires a shift in the News Director's hours, at least 2 additional staff meetings each day and significantly new responsibilities for managing the process of producing both daily news content and a daily talk show.

The recommended new salary of \$86,049 is well within the range of peer radio stations similar to WUNC Radio (with budgets greater than \$5 Million). Attached is a copy of the latest benchmark study by the Corporation for Public Broadcasting with salary ranges for News Directors. The mean salary is 82,997, average low \$54,659 and average high salary \$135,806.

Thank you for your consideration to this matter.

Attachment

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

NAME:	Susan Pedersen		
EMPLOYEE TYPE:	EPA NF Permanent		
CURRENT RANK/TITLE/SPACCLASS TITLE:	Other/Project Manager		
NEW RANK/TITLE: (If applicable)	N/A		
SCHOOL/DIVISION & DEPT:	Medicine/Infectious Diseases		
REASON FOR INCREASE:	Increase of duties		
PROPOSED EFFECTIVE DATE:	01/24/2013		
JUNE 30th BASE SALARY:	\$67,807		
JUNE 30th STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:	\$0	If not applicable, enter "0" in currency field	
JUNE 30th TOTAL SALARY:	\$67,807		
Source(s): State:	\$0	Note: Sources of Non-State Funds are usually grants, trust funds, endowments, medical faculty practice plan, etc.	
Non-State:	\$67,807		
Source of Non-State Funds:	Grant funded		
CURRENT BASE SALARY:	\$71,197	PERCENTAGE OF INCREASE TO BASE:	5.00%
TOTAL CURRENT TO DATE STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		AMOUNT OF INCREASE TO BASE:	\$3,390
TEMP ASSIGNMENTS: (post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
CURRENT TOTAL SALARY:	\$71,197	TOTAL PERCENT OF SALARY INCREASE:	5.00%
Source(s): State:	\$0		
Non-State:	\$71,197		
Source of Non-State Funds:	Grant funded		
RECOMMENDED BASE SALARY:	\$76,181	PERCENTAGE OF INCREASE TO BASE:	7.00%
RECOMMENDED STIPENDS/SUPPLEMENTS/TEMP ASSIGNMENTS:		AMOUNT OF INCREASE TO BASE:	\$4,984
(post-June 30th cumulative)	\$0	AMOUNT OF INCREASE TO STIPEND:	\$0
RECOMMENDED TOTAL SALARY:	\$76,181	TOTAL PERCENT OF SALARY INCREASE:	7.00%
Source(s): State:	\$0		
Non-State:	\$76,181		
Source of Non-State Funds:	Grant funded		
TOTALS:	TOTAL PERCENTAGE OF BASE INCREASE FOR FISCAL YEAR:		12.35%
	TOTAL AMOUNT OF BASE INCREASE FOR FISCAL YEAR:		\$8,374
	TOTAL AMOUNT OF STIPEND/SUPPLE. INCREASE FOR FISCAL YEAR:		\$0
	TOTAL PERCENTAGE INCREASE FOR FISCAL YEAR:		12.35%
	TOTAL INCREASE AMOUNT FOR FISCAL YEAR:		\$8,374
<div style="display: flex; justify-content: space-between;"> <div><input checked="" type="checkbox"/> Yes BOT APPROVAL REQUIRED</div> <div><input type="checkbox"/> No BOG APPROVAL REQUIRED</div> </div>			
THE RECOMMENDED SALARY INCREASE IS APPLIED TO THE (SELECT ONE): Base			
REASON CODE (SELECT ONE): 2 - Adjustment related to an increase in job duties or responsibilities			
JUSTIFICATION: Enter detailed justification here (PLEASE NOTE IF THE INCREASE IS TO THE BASE SALARY OR IS AN INCREASE TO THE STIPEND/SUPPLEMENT/TEMPORARY ASSIGNMENTS). Susan Pedersen was hired into her current position as an EPA NF Research Associate, working title: Project Manager, in 2006. The primary responsibilities at the inception of this role were the creation and oversight of a comprehensive quality and data management program for the UNC AIDS Clinical Trials Unit (ACTU). At that time, the ACTU participated in a single network, the AIDS Clinical Trials Group, and the Quality/Data work group consisted of the program manager, a data manager, and a part-time data typist. Since 2006, we have greatly expanded the research scope of the ACTU to include: HIV Prevention Trials network; Vaccine Trials Network (managed site initiation process); and the clinical component of the Kashuba U-01, "Preventing HIV Infection in Women: Targeting Antiretrovirals To Mucosal Tissues." Additionally, the quality management and data oversight activities have expanded to include: Acute Infection and CHAVI network protocols, the "Cure" portfolio protocols, and investigator-initiated protocols. Geographic expansion - Quality and Data management oversight has now expanded to include a regional network for investigator-initiated trials including sites at the Carolinas Medical Center in Charlotte and the Wake Forest University Health System. Staff expansion has grown such that Ms. Pedersen is now responsible for the direct supervision of seven employees, as well as responsibility for a work group of 10 employees. In addition to the expansion of the research portfolio and staff under the umbrella of the quality and data management program, Susan also functions as the overall co-manager of the unit as a whole, for which she has assumed responsibility for oversight of much of the day to day implementation activities and is de facto director in unit director's increasingly more frequent absences.			

Recommendation for EPA Base Salary Adjustment or Supplement
(for use of Permanent and Temporary Faculty; Permanent and Temporary EPA Non-Faculty; and Post-Docs)

Employee Name: Susan Pedersen
Proposed Effective Date of Increase: 01/24/2013

APPROVALS:

Department / Center Head Approval: Phil Morgan Division Administrator 10/31/2012
(Type Name) (Type Title) Date

Dean/Vice Chancellor Approval: William L. Roper, MD, MPH Dean, SOM 11/5/2012
(Type Name) (Type Title) Date

AVC OHR/Provost Approval (when required): Reviewed by AVC HR Emily 11/11/13
(Type Name) (Type Title) Date

DEPARTMENT CERTIFICATION:

Prepared by: Vicki Pickard HR Facilitator 10/31/2012
(Type Name) (Type Title) Date

To be completed by originating unit:

☒ By checking this box, the preparer certifies that all existing insitutional policies and procedures for
for employment decisions have been followed (i.e.,tenure and promotion process, employment approvals, UNC code compliance,
OSP compliance)

Submission Instructions:

For Faculty Increases: Email this form to the Academic Personnel Office at apo@unc.edu

EPA Non-Faculty:

For increases of **10% or greater**: Please email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu

For increases **less than 10%**: Please attach this form to the Salary/FTE action in EPAWeb

For Post-Doc EPA Increases: Email this form to the EPA Non-Faculty HR unit at epanfsalaryrequest@unc.edu.

Salary Increase Justification – Susan Pedersen

Susan Pedersen was hired into her current position as an EPA NF Research Associate, working title: Project Manager, in 2006. The primary responsibilities at the inception of this role were the creation and oversight of a comprehensive quality and data management program for the UNC AIDS Clinical Trials Unit (ACTU). At that time, the ACTU participated in a single network, the AIDS Clinical Trials Group, and the Quality/Data work group consisted of the program manager, a data manager, and a part-time data typist. Since 2006, we have greatly expanded the research scope of the ACTU to include: HIV Prevention Trials network; Vaccine Trials Network (managed site initiation process); and the clinical component of the Kashuba U-01, "Preventing HIV Infection In Women: Targeting Antiretrovirals To Mucosal Tissues." Additionally, the quality management and data oversight activities have expanded to include: Acute Infection and CHAVI network protocols, the "Cure" portfolio protocols, and investigator-initiated protocols. Geographic expansion - Quality and Data management oversight has now expanded to include a regional network for investigator-initiated trials including sites at the Carolinas Medical Center in Charlotte and the Wake Forest University Health System. Staff expansion has grown such that Ms. Pedersen is now responsible for the direct supervision of seven employees, as well as responsibility for a work group of 10 employees. In addition to the expansion of the research portfolio and staff under the umbrella of the quality and data management program, Susan also functions as the overall co-manager of the unit as a whole, for which she has assumed responsibility for oversight of much of the day to day implementation activities and is de facto director in unit director's increasingly more frequent absences. Despite a significant increase in program responsibilities and staff management, Susan makes only marginally more than nurses in our unit without this level of responsibility and significantly less than other project managers.

EXECUTIVE SUMMARY

Board of Trustees

January 24, 2013

No.	College/Division	Name	Department/School	Rank	Description
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For Information

1	N/A	N/A	N/A	N/A	N/A
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