The University of North Carolina at Chapel Hill

Annual Comprehensive Financial Report

A constituent institution of the University of North Carolina System, a component unit of the State of North Carolina. Prepared by the University Controller's Office.

Fiscal year ended June 30, 2022.

The Old Well.

Table of Contents

4

Introductory Section

6

View of the Old Well from inside South Building.

A Message from the Chancellor

November 28, 2022

It is my privilege to share the University of North Carolina at Chapel Hill's Annual Comprehensive Financial Report for fiscal year 2022 and to recognize the many achievements of our students, faculty and staff.

This has been a year of impressive problem-solving as we fulfill our commitment of excellence in teaching, research and service to become the leading global public research university. As we continued to face challenges of the COVID-19 pandemic and a national mental health crisis, we have deepened our commitment to building our community together and persevering to accomplish our critical mission.

For the 22nd consecutive year, U.S. News & World Report named Carolina fifth among national public universities. The rankings once again placed us as the number one best value among public universities, and multiple graduate degree programs ranked among the nation's top 10 in the report's 2023 list of best graduate schools. Altogether, 30 Carolina programs increased in their rankings this year.

These rankings offer only a glimpse into the accomplishments of our University this year. We ranked 10th among universities in the United States for federal research expenditures in the most recent 2020 Higher Education Research and Development Survey by the National Science Foundation. We celebrated reaching more than $1.2 billion in total research awards for the first time and we have hit or topped $1 billion for the last three fiscal years.

Four faculty members were elected by their peers as fellows of the American Association for the Advancement of Sciences, one of the most distinct honors in the scientific community. The University leads a group of four universities awarded $7.5 million from the U.S. Department of Defense to develop organic semiconductors for the next generation of electronics. Additionally, the Gillings School of Global Public Health, ranked by U.S. News & World Report as second for public health schools in the United States, received a $65 million grant from the National Institutes of Health establishing an Antiviral Drug Discovery Center to develop oral antivirals that can combat pandemic-level viruses like COVID-19. Significant progress continues with the University's strategic plan, Carolina Next: Innovations for Public Good. Despite the COVID-19 pandemic, in FY22 Carolina made meaningful strides across all eight strategic initiatives with hundreds of students, faculty and staff involved in its execution.

Kevin M. Guskiewicz

Kevin M. Guskiewicz
Chancellor

The University of
North Carolina at Chapel Hill

The plan has also served as guidance for our strategic investments and decision-making through our budget process. Last year, we directed our schools and units to make strategic reductions in personnel and operating funds to allow us to balance our budget and eliminate a structural imbalance. On May 25, 2022, we were able to project an all-funds balanced budget for the first time ever. This was not an easy task, but thanks to the hard work of many, this accomplishment will set up the University for success now and in the future.

As always, our work this year has still focused on students and the student experience. Tuition rates for FY 22 remained consistent with 2021 rates for undergraduate resident students for the fifth consecutive year. The University continues to return a portion of tuition revenue to students in the form of need-based aid and other sources, providing financial aid to meet 100% of documented need for undergraduate students. We received another record number of undergraduate applications, with 57,198 submissions – a 6.5% increase over Fall 2021 and a testament to the highly valued education at Carolina.

In response to the pandemic and the nationwide mental health crisis, we have continued our work to prioritize student support. This effort included continuing to provide students with well-being days and promoting health and wellness for faculty and staff. We also extended our Mental Health First Aid Training program to equip members of our community with critical skills to help others who are experiencing a mental health crisis, respond to substance use disorders and identify professional resources that can provide additional care.

Our ability to provide for our students, faculty and staff is possible through the strong support of our state legislature and through generous commitments to the Campaign for Carolina. Carolina's donors set a record this year with gifts totaling $798 million to advance student opportunities, faculty research and scholarship, and initiatives benefiting North Carolina citizens and people around the world. This year's total exceeded the previous record, set in FY 18, by 29% and was 33% higher than FY 21.

For University Day on October 12, 2022, we focused on research, and I was able to highlight the history and future of work at Carolina. I was especially inspired by our undergraduates, partnering with our world-class faculty on research projects solving environmental challenges locally and around the globe. Our students are the future problem-solvers, the future questioners, the future challengers of the status quo. And not just in the future, they are doing that right now.

If last fiscal year was marked by our resilience as a community, this year is marked by our curiosity. Tough challenges require innovative and effective solutions. As chancellor, I'm proud of how our students, faculty and staff have responded to challenges in our world, and especially our state. Through the return of the Tar Heel Bus Tour and the Carolina Across 100 initiative, among others, I look forward to continuing to strengthen our partnership with the people of North Carolina in the years to come.

Letter of Transmittal

November 28, 2022

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

This Annual Comprehensive Financial Report (ACFR) includes the financial statements for the year ended June 30, 2022, 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 position.

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. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The University is a participant in the Business Compliance Program. This program is a collaborative project sponsored by the University of North Carolina System Office 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 bond covenants require that the University's accounting and financial records be audited by the Office of the State Auditor each year. The University's internal auditors also perform fiscal, compliance and performance audits. The reports resulting from these and external audit reports are provided to the Finance, Infrastructure and Audit Committee of the Board of Trustees as well as University management.

The ACFR 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, 2022.

Nate Knuffman
Vice Chancellor for
Finance and Operations
and Chief Financial Officer

The University of
North Carolina at Chapel Hill

Profile of the University

The University of North Carolina at Chapel Hill was anticipated by the first state constitution drawn up in 1776 directing the establishment of “one or more universities” in which “all useful learning should be duly encouraged and promoted.” In 1789, the University was chartered by the General Assembly. The cornerstone of the first campus building was laid on October 12, 1793.

Now in its third century, UNC-Chapel Hill belongs to the select group of American and Canadian campuses forming the Association of American Universities. The University's academic offerings span more than 100 fields, including bachelor's, master's and doctoral degrees as well as professional degrees in dentistry, medicine, nursing, pharmacy, business, government and law. Five health schools, which, with UNC Health, 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. The University prepares its financial statements and related disclosures in accordance with standards set by the Governmental Accounting Standards Board (GASB) and implements new GASB statements as they are required.

The financial reporting entity for the financial statements is comprised of the University and 12 component units. Nine 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 Intermediate Pool, LLC (UNC Intermediate Pool); 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); WUNC Public Radio, LLC (WUNC); Carolina Research Ventures, LLC (Research Ventures) and HVPV Holdings, LLC (HVPV). Based on GASB Statement 84, the external portion of the investment funds are reported separately in the fiduciary financial statements.

Separate financial statements for three other component units are reported based on GASB Statement No. 39. UNC Health Foundation, Inc., (UNC Health Foundation), The Educational Foundation Scholarship Endowment Trust (Educational Foundation Trust), and the University of North Carolina at Chapel Hill Arts & Sciences Foundation, Inc. (Arts & Sciences Foundation) are legally separate, nonprofit, 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 Investment Fund, UNC Intermediate Pool, Management Company, UNC-Chapel Hill Foundation, Business School Foundation, WUNC Public Radio, Research Ventures, HVPV, Arts & Sciences Foundation, UNC Health Foundation, Educational Foundation Trust, and the Athletic Department are each audited by a public accounting firm. All audit reports are available for public inspection. Other related foundations and similar nonprofit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

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.

Economic Condition

For the fiscal year ended June 30, 2022, North Carolina reported an outstanding economic performance and vitality in several areas, despite enduring its second year of various challenges from the COVID-19 pandemic. Among its many areas of growth, new records were posted for total economic activity, total state revenues and budget surplus, total employment, household and nonfarm payroll counts, disposable personal income and total retail sales.

According to the Bureau of Labor Statistics (BLS), employment rose 4.6% from the previous year, with 4,929,061 people employed in the State in June 2022. Likewise, unemployment rates fell from 5% in June 2021 (247,223 people) to 3.4% in June 2022 (172,269 people). This is a strong recovery, considering the rate was 14.2% in April 2020, and resulted in a strong job market for Spring 2022 graduates.

On December 31, 2021, the Census Bureau reported that the population of North Carolina was a record 10,551,162 as of July 1, 2021 -- a 0.9% gain from the previous year. That placed the State ninth in total U.S. population, with 3.18% of the nation's population living in the Tar Heel state, outranking Michigan by nearly half a million people but placing it slightly below Georgia in numbers of state residents.

For the first time since 2018, North Carolina had a budget approved by the legislature and signed by Governor Roy Cooper on November 18, 2021, providing $25.9 billion in state funding for FY 21-22. A record budget surplus of $6.5 billion was reported for the fiscal year that ended June 30, 2022. Most of that surplus was put into a "Rainy Day" fund to be used for future recessions or natural catastrophes. For FY 22-23, the initial $26.9 billion budgeted was raised to $27.9 billion and was approved by the legislature and signed by Governor Roy Cooper on July 11, 2022.

FY 22-23 will see many economic headwinds from the ongoing struggle to get inflation under control, which is currently running at its highest rate since 1982. In addition, supply chain issues and the consequences of Russia's invasion of the Ukraine are likely to affect the global economic condition. That said, the U.S. economy is expected to outperform other nations over the next year and North Carolina is anticipated to continue an above-average status in terms of economic pace and employment growth.

Awards and Acknowledgements

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 ACFR for the fiscal year ended June 30, 2021. This was the 27th 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 ACFR. 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 ACFR 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 ACFR 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, UNC Treasury Services, the Finance and Operations Service Center of Excellence, the Office of Sponsored Research, Student Affairs, Information Technology Services, University Development, University Communications, Institutional Research and Assessment, the Office of Scholarships and Student Aid, the Department of Athletics, Dr. James F. Smith of the Kenan Flagler Business School and the Office of the State Auditor.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

University of North Carolina at Chapel Hill

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

2022 graduation tassels.

Progress and Major Initiatives

Carolina by the Numbers

1

For the 18th time during the last 21 years, the University of North Carolina at Chapel Hill received another record number of first-year applications, accepting 57,198 submissions -- a 6.5% increase over fall 2021.

2

Carolina continues to retain its impressive national stature, as shown in U.S. News & World Report's 2023 Best Colleges rankings. For the 22nd consecutive year, UNC-Chapel Hill ranked fifth among national public universities, and for the 18th year in a row took the number one spot for best value in public institutions. The University placed 29th overall between public and private institutions and ranked 12th overall for best colleges for veterans.

3

The University is ranked tenth in the United States for federal research, totaling $706 million annually, according to the 2020 Higher Education Research and Development Survey (HERD). The University conducts more than $1.16 billion of sponsored research from all sources annually, making it the 13th largest U.S. research university in research volume and annual expenditures.

4

Multiple Carolina graduate programs receive high rankings – 19 were among the top 10 in their respective categories – as part of the U.S. News & World Report's 2023 "Best Graduate Schools" list.

The Gillings School of Global Public Health maintained its position as the top public school of public health, ranking second place for the fifth consecutive year for schools and programs that offer public health degrees.

The School of Law jumped 22 spots since 2019 to rank eighth in public law schools, landing in the top 25 law schools for the second year in a row.

The School of Medicine's family medicine specialty ranked third and its primary care program placed fifth overall.

The School of Government's local government management program ranked second among national offerings, along with the chemistry analytical program.

Altogether, 30 programs increased their rankings, including numerous programs in the School of Law, School of Education, College of Arts & Sciences, School of Nursing and Kenan-Flagler Business School.

CAROLINA NEXT: Innovations for Public Good

In October 2022, a progress report was released on the University's strategic plan, Carolina Next: Innovations for Public Good, which detailed "remarkable progress made during the 2021 calendar year to advance the mission of teaching, research and public service" during a year marked by some major shifts and unusual challenges.

The report stated, "We attribute much of this success to how leadership in the schools, College of Arts & Sciences, centers and institutes have continued to align their resources and talented students, faculty and staff with the strategic plan's initiatives and opportunities.

Campus leaders also remain committed to nurturing the stellar cross-disciplinary collaboration that has always set Carolina apart among our public and private peer competitors."

The Carolina Next strategic plan is framed around eight initiatives:

1) Build Our Community Together
2) Strengthen Student Success
3) Enable Career Development
4) Discover
5) Promote Democracy
6) Serve to Benefit Society
7) Globalize
8) Optimize Operations

The 2021 Annual Report is available online on the Carolina Next website and includes links and references to some of the most significant news and developments that occurred in early 2022.

In this edition of the Annual Comprehensive Financial Report, we highlight some notable events that reflect some of these strategic initiatives, plus a few other shining moments that happened on campus in fiscal year 2022.

UNC Chancellor Kevin M. Guskiewicz presents Carolina Next: Innovations for Public Good during the UNC Board of Trustees meeting at The Carolina Inn.

BUILD OUR COMMUNITY TOGETHER

Martin Luther King Unsung Heroes Award

Kellye Whitaker, NCGrowth-SmartUp program manager at the Kenan Institute of Private Enterprise, and E. Nathan Thomas III, vice dean for diversity, equity and inclusion at the School of Medicine, received MLK Unsung Hero Awards at the 41st annual Martin Luther King, Jr. Lecture and Awards Ceremony.

The awards are presented to Carolina faculty or staff who have exemplified a steadfast commitment to inclusion. Whitaker was recognized for helping rural businesses in the Lowcountry of South Carolina connect to resources to help them succeed and for cultivating minority clients and students in her endeavors. Thomas developed a framework to elevate and enhance diversity, equity and inclusion efforts across the School of Medicine. One of his key initiatives is a mentoring program called Students in Training, Academia, Health and Research (STAHR).

UNC Alliance Unites Four Engagement Centers

The UNC Alliance was launched in January 2022 to bring together four of the academic and community engagement centers on campus: the Sonja Haynes Stone Center for Black Culture and History, the Asian American Center, the American Indian Center and the Carolina Latinx Center. The consortium melds the expertise and resources of these group to focus on issues of race, ethnicity, equity and justice as they explore ways to broaden public conversations about these issues.

Funded from a private gift to Carolina, the team plans to use innovative methods to serve students and facilitate how students come together on campus and in their community via cross-cultural solidarity events, performances and other projects that will prompt discussion on common interests and concerns, but also differences and inequities.

Kellye Whitaker and E. Nathan Thomas, II receive MLK Unsung Hero awards during Annual Martin Luther King, Jr. Keynote Lecture and Awards Ceremony.

OPTIMIZE OPERATIONS

Carolina Presents First All-Funds Balanced Budget

On May 25, Nathan Knuffman, vice chancellor for finance and operations, presented the University's first all-funds balanced budget for FY 2022-23 to the UNC System Board of Governors. Key components to balancing the budget were: 1) eliminating a $100 million structural deficit by trimming personnel funds by 1.5% and central operating funds by 7.5% for fiscal years 2021 and 2022, 2) offsetting $200 million in lost revenue due to COVID-19 through effective management plans, federal Higher Education Emergency Relief Funds and additional emergency funding, more research funding and increased enrollment, and 3) creating a centralized budget model that incorporates all the University's expected revenue sources and projected expenditures. The FY 2022-23 budget follows guidance provided by the UNC System and focuses on three key themes: invest in North Carolina's future, support Carolina's excellence, and demonstrate fiscal responsibility.

Nathan Knuffman, Vice Chancellor for Finance and Operations, addresses the UNC Board of Trustees' Budget, Finance and Infrastructure Committee.

Campaign for Carolina Eclipses $4.25 Billion

The Campaign for Carolina, a five-year campus-wide fundraising effort that ends Dec. 31 of this year, surpassed its $4.25 billion goal a year early and is continuing its efforts, focusing on its $1 billion goal for student support. As of Jan. 1, the total in student support stood at more than $810 million, which includes scholarship and fellowship support for graduate and professional students as well as undergraduates.

More than 200,000 donors have contributed to the campaign, including more than 90,000 first-time donors. While the campaign has received 67 gifts of $10 million or more, 83% of donors have contributed $1,000 or less. Some of the funds have already been implemented to support Carolina's key strategic priorities while other donations will pay out over time, providing a steady stream of resources to the University.

GLOBALIZE

Carolina Receives 2021 Institutional Award for Global Learning, Research & Engagement

The University was named the Platinum winner of the 2021 Institutional Award for Global Learning, Research & Engagement from the Association of Public and Land-grant Universities. The Platinum award is the association's highest-level award granted to a member institution in recognition of inclusive and comprehensive efforts to internationalize its campus. Carolina received the honor for excellence in all four award categories: equity, diversity and inclusivity; internationalization of research and engagement; leadership and pervasiveness; and assessment.

Globalizing the University is one of the top priorities of Carolina Next, and Carolina is committed to global learning, research and engagement. In addition to traditional study abroad and international research opportunities, Carolina is expanding inclusive, barrier-free global learning opportunities. Students can take part in global coursework through the Connecting Carolina Classrooms with the World initiative, which provides virtual study, research and internship abroad options. Collaborative Online International Learning (COIL) courses provide shared learning between students in Carolina courses and peer students at a global partner university.

The Morehead-Patterson Bell Tower is reflected in the glass wall on the roof of the FedEx Global Education Center.

STRENGTHEN STUDENT SUCCESS

Student Mental Health and Well-Being

In spring 2022, "Sources of Strength", a first-of-its kind course, was launched for undergraduates. The course is aimed at promoting mental health and preventing suicide on campus. Made possible by a $50,000 grant from the Triad Foundation and awarded by Chancellor Guskiewicz, the course was led by Dorothy Espelage, William C. Friday Distinguished Professor of Education, and school psychology doctoral student Anne Drescher.

As part of the course, students launched a University-recognized club that engages with students at on-campus events and plans advocacy campaigns to make Carolina a healthier campus. They hope to one day offer the course to every first-year student at Carolina.

Positive messages written in chalk on the bricks in front of the Robert B. House Undergraduate Library.

Veteran Support at Carolina

North Carolina is home to the nation's fourth largest contingent of active duty service men and women, many of whom wish to go to college or have family members who wish to attend. In an effort to help this demographic of students, Carolina donors raised more than $9 million by the end of 2021 in support of the Red, White and Carolina Blue Challenge.

Established in 2017 by a $20 million commitment from 1978 alumni Steve and Debbie Vetter, with a challenge to raise an additional $20 million, the Challenge provides need-based scholarships for students with military affiliations. Other gifts also offer important opportunities for veterans, including Boot Prints to Heel Prints, given by the Kozmetsky Family Foundation to establish support for veterans as they transition from military to college life. A recent $12.5 million gift from the Gary Sinise Foundation Avalon Network will establish the Transforming Health and Resilience in Veterans (THRIVE) program which will provide an outreach program dedicated to treating traumatic brain injuries and related conditions for veterans.

University Faculty Members Elected Fellows of the American Association for the Advancement of Science

Four University faculty members were named 2021 American Association for the Advancement of Science fellows for their scientifically and socially distinguished achievements. Fellows are selected by their peers and the accolade is one of the most distinct honors within the scientific community.

Amy S. Gladfelter, a quantitative cell biologist and a professor of biology, was elected for her contributions to the field of cell biology. David Margolis, the Sarah Graham Kenan Professor of Medicine, Microbiology and Immunology at the School of Medicine and a professor of epidemiology at the Gillings School of Global Public Health, was chosen for his contributions to the field of virology. Stephen V. Frye, the Fred Eshelman Distinguished Professor at the Eshelman School of Pharmacy and director of the Center for Integrative Chemical Biology and Drug Discovery, was selected for his contributions to the field of oncology drug discovery. Alexander V. Kabanov, the Mescal S. Ferguson Distinguished Professor and director of the Center for Nanotechnology in Drug Delivery at the Eshelman School of Pharmacy, was elected for his distinguished contributions to the field of nanomedicine and drug delivery.

Chancellor Guskiewicz stands alongside student ROTC members following the Veterans Day ceremony held in front of Memorial Hall on Nov. 11, 2021.

SERVE TO BENEFIT SOCIETY

Carolina Across 100

Chancellor Guskiewicz charged Anita Brown-Graham of the UNC School of Government with creating the program, Carolina Across 100. Through the School of Government's ncIMPACT initiative, Brown-Graham focused efforts for the program by marshalling more than 60 student volunteers to compile more than 500 hours of interviews with community leaders across the state in order to identify and address issues impacting North Carolina's communities following COVID-19. In addition, the team conducted a survey of about 3,200 stakeholders from across North Carolina.

With a mission to aid communities by listening to key stakeholders and identifying their primary concerns, the goal is to aid communities in identifying and addressing their challenges without being prescriptive or telling communities how to fix them. The team hopes to engage 20 to 25 communities each year throughout the five-year initiative.

Anita Brown-Graham (Director of ncIMPACT Initiative) speaking for Carolina Across 100 at Durham Technical Community College, Orange County campus.

School of Nursing Designated as Collaborating Center with WHO and PAHO

The School of Nursing was designated as a Collaborating Center in Quality and Safety Education in Nursing and Midwifery as part of a 45-center international network appointed by the World Health Organization (WHO) and the Pan American Health Organization (PAHO). Joining this network enables the school to turn its groundbreaking standards of competency into training programs for the health care professionals who deliver most of the world's babies — nurses and midwives.

New training modules for nursing quality improvement and simulation will be available free in English and Spanish on the school's website, and the center's work will also provide resources for nurses and for policymakers such as elected officials and ministries of health.

DISCOVER

Carolina Plays Part in Next Generation of Technology

Carolina leads a group of four universities awarded $7.5 million from the U.S. Department of Defense to develop organic semiconductors for the next generation of electronics. The University will collaborate with North Carolina State University, the University of Washington and Iowa State University on the project supported by a five-year Multidisciplinary Research Initiative Award.

Limits of current materials have driven the need for advances in semiconductor development, and the team's work could improve the portable power, energy efficiency and durability of screens and information display devices used in both the cockpit and the field.

Emily Madden works in the Heise Lab, part of the Rapidly Emerging Antiviral Drug Development Initiative (READDI)

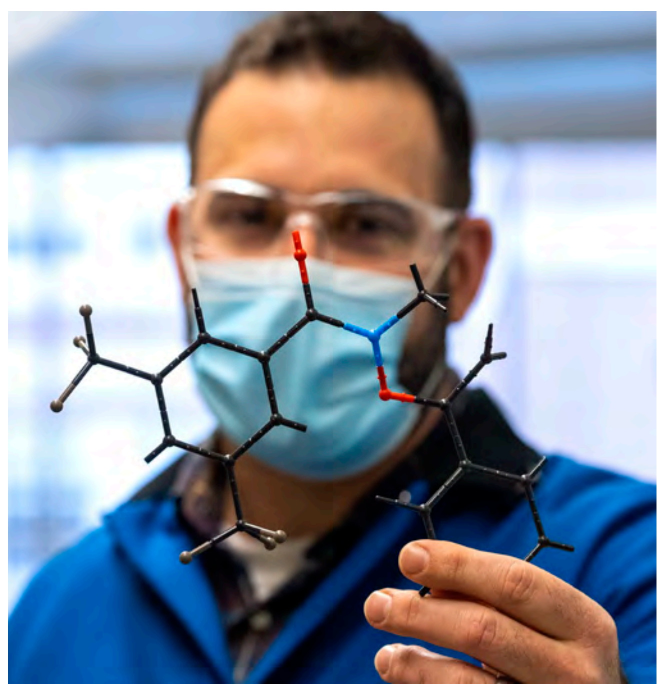
Gillings Awarded $65 Million to Establish Antiviral Drug Discovery Center

The Gillings School of Global Public Health was awarded a $65 million grant establishing an Antiviral Drug Discovery (AViDD) Center to develop oral antivirals that can combat pandemic-level viruses like COVID-19. The center builds upon and is tightly affiliated with the University's Rapidly Emerging Antiviral Drug Development Initiative that was launched in April 2020. The AViDD centers will conduct research on the early-stage identification and validation of novel viral targets, with an eye to identify small molecules and biotherapeutics that directly block viral targets. As drug candidates are identified and evaluated, the most promising will enter late-stage preclinical development. Importantly, the centers can draw on the resources of their industry partners to accelerate research, making use of the companies' chemical libraries and expertise in moving candidates into the product development pipeline.

New Life for Plastics

A group of chemists at the University have discovered a method to break down plastics to create a new material that is stronger and tougher than the original – meaning plastic waste could potentially be a valuable resource for the production of new materials. The chemistry of most plastics makes them difficult to recycle. But by modifying the carbon-hydrogen bonds that are common in polymers, the building blocks of modern plastics, the life span of polymers could be expanded beyond single-use plastic.

With a newly identified reagent, chemistry professors Frank Leibfarth and Erik Alexanian were able to make new bonds in places previously considered unreactive. Their research team hopes to transform difficult-to-recycle plastic waste into a high-value class of polymers, increasing the incentive to recycle plastic and closing the recycling loop.



Erik Alexanian, professor of Chemistry at UNC-Chapel Hill, displays the molecular model of a newly developed thermoplastic isomer.

South Building.

UNC Board of Trustees

Chancellor's Cabinet and Organizational Chart

As of June 30, 2022

Kevin M. Guskiewicz
Chancellor

Suzanna Barbour
Dean, The Graduate School

Michael Barker
Vice Chancellor for Information Technology and Chief Information Officer

George E. Battle III
Vice Chancellor for Institutional Integrity and Risk Management

Michelle Bolas
Executive Director, Innovate Carolina and Chief Innovation Officer

Anita Brown-Graham
Director, ncIMPACT Initiative

Wesley Burks
Vice Chancellor for Medical Affairs, CEO, UNC Health and Dean, UNC School of Medicine

Leah Cox
Vice Provost for Equity and Inclusion and Chief Diversity Officer

Lawrence "Bubba" Cunningham
Director of Athletics

Douglas Dibbert
President, General Alumni Association

Rachelle Feldman
Vice Provost for Enrollment

Amy Hertel
Executive Vice Provost

Christi Hurt
Chief of Staff

Amy Johnson
Vice Chancellor for Student Affairs

Elizabeth Keith
Tanya Moore
Interim Vice Chancellors for Communications

Nathan Knuffman
Vice Chancellor for Finance and Operations and Chief Financial Officer

Penny Gordon-Larsen
Interim Vice Chancellor for Research

Charles Marshall
Vice Chancellor and General Counsel

Chris McClure
Senior Advisor and Chief Strategy Officer and Secretary of the University

Becci Menghini
Vice Chancellor for Human Resources and Equal Opportunity and Compliance

Michael Piehler
Director, UNC Institute for the Environment, Chief Sustainability Officer and Special Assistant to the Chancellor for Sustainability

Terry Rhodes
Dean, College of Arts and Sciences

David Routh
Vice Chancellor for University Development

Tom Shanahan
Acting Chief Administrative Officer

Barbara Stephenson
Vice Provost for Global Affairs

Ronald Strauss
Executive Vice Provost

Dean Weber
Chief Audit Officer, Office of Internal Audit

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Chair
Board of Trustees

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Chancellor
The University of North Carolina
at Chapel Hill

Chris McClure
Chief Strategy Officer
and Secretary of the University

George E. Battle III
Vice Chancellor for Institutional
Integrity and Risk Management

Wesley Burks
Vice Chancellor for Medical Affairs,
CEO, UNC Health Care System and
Dean, UNC School of Medicine

Lawrence "Bubba" Cunningham
Director of Athletics

Elizabeth Keith and Tanya Moore
Interim Vice Chancellors for
Communications

Nathan Knuffman
Vice Chancellor, Finance and
Operations and Chief Financial
Officer

Charles Marshall
Vice Chancellor
and General Counsel

David Routh
Vice Chancellor,
University Development

Dean Weber**
Chief Audit Officer

Chris Clemens
Executive Vice Chancellor
and Provost

Michael Barker*
Vice Chancellor for
Information Technology and CIO

Michelle Bolas*
Executive Director, Innovate Carolina
and Chief Innovation Officer

Amy Johnson*
Vice Chancellor for
Student Affairs

Penny Gordon-Larsen
Interim Vice Chancellor
for Research

Becci Menghini*
Vice Chancellor for Human
Resources and Equal
Opportunity and Compliance

Leah Cox
Vice Provost for Equity and Inclusion
and Chief Diversity Officer

Michael Piehler
Director, UNC Institute for the
Environment, Chief Sustainability
Officer and Special Assistant to
the Chancellor for Sustainability

Dawn Osborne-Adams
University Ombuds

Christi Hurt
Chief of Staff

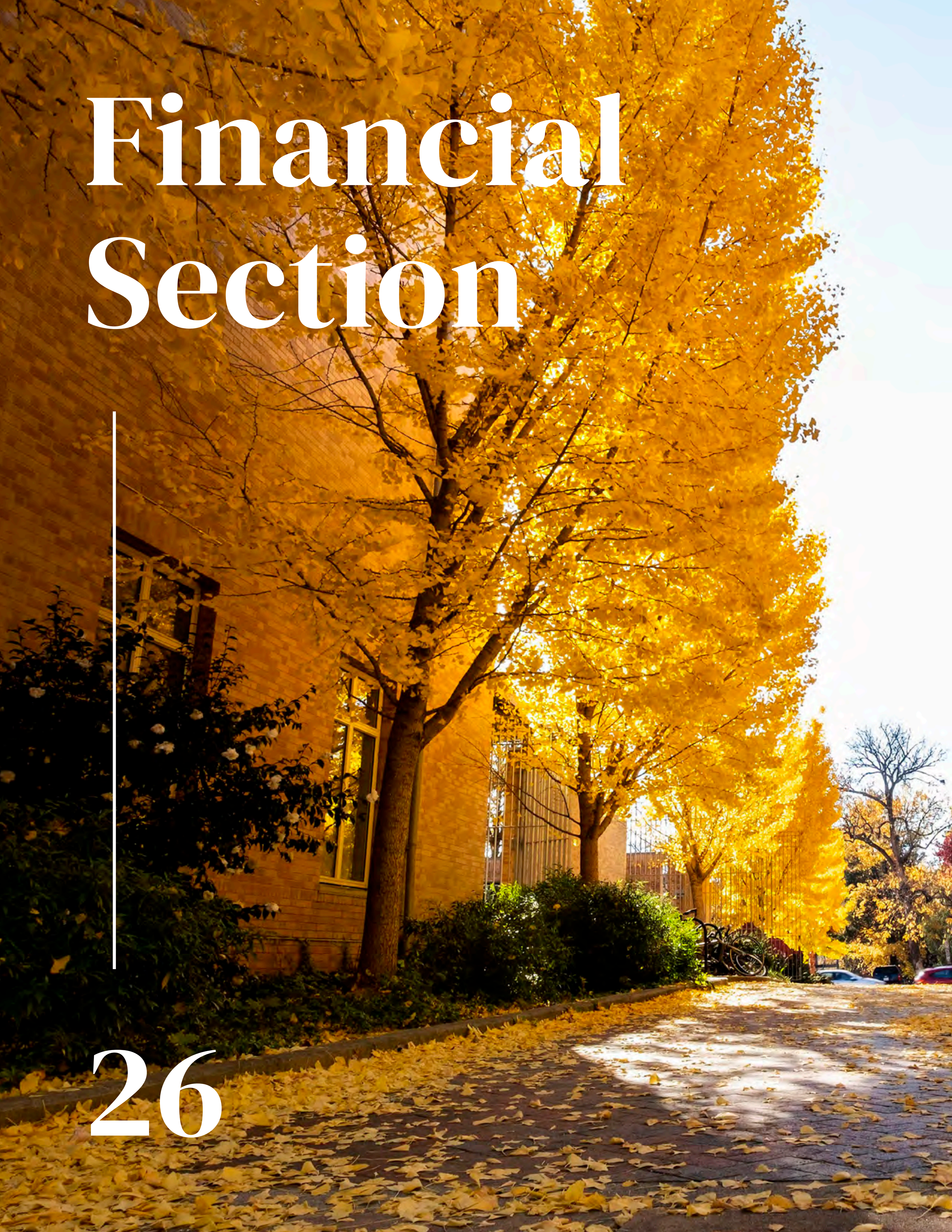
Douglas S. Dibbert
President,
General Alumni Association

Mimi Chapman
Chair of the Faculty

Katie Musgrove
Chair of the Employee Forum

* Dual report to the Chancellor
** Dual report to the Chair of
the BOT Finance Committee

Financial Section



Autumn leaves on the campus of UNC-Chapel Hill.

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Office of the State Auditor

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of The University of North Carolina at Chapel Hill (University), 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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of The University of North Carolina at Chapel Hill, and its discretely presented component units, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following:

- The University of North Carolina at Chapel Hill Foundation, Inc., which represent 9 percent and 1 percent, respectively, of the assets and revenues of the business-type activities.
- The Kenan-Flagler Business School Foundation, which represent 3 percent and 1 percent, respectively, of the assets and revenues of the business-type activities.
- The UNC Investment Fund, LLC, which represent 27 percent and 1 percent, respectively, of the assets and revenues of the business-type activities, and 73 percent of the assets of the fiduciary activities.

- The UNC Intermediate Pool, LLC, which represent 9 percent and 32 percent, respectively, of the assets and revenues of the fiduciary activities.
- The financial statements of the UNC Health Foundation, Inc., The Educational Foundation Scholarship Endowment Trust, or The University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc., the University's discretely presented component units.

The financial statements listed above 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 solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 and other auditors 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 our 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance. The report on internal control and compliance has been issued under a separate cover in the Financial Statement Audit Report of The University of North Carolina at Chapel Hill published by this office.

Beth A. Wood

Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

November 28, 2022

View at the top of the Morehead-Patterson Bell Tower.

Management's Discussion and Analysis

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 ended June 30, 2022, with comparative information for the fiscal year ended June 30, 2021. 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 17-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 Annual Comprehensive Financial Report (ACFR). The University is a global higher education leader known for innovative teaching, research, and public service. Now in its third century, the University, at the time of this publication, offers 77 bachelor's, 112 master's, 66 doctorate, and seven professional degree programs through 14 schools and the College of Arts and Sciences. A total of 31,641 undergraduate, graduate, and professional students learn from a faculty of 4,111.

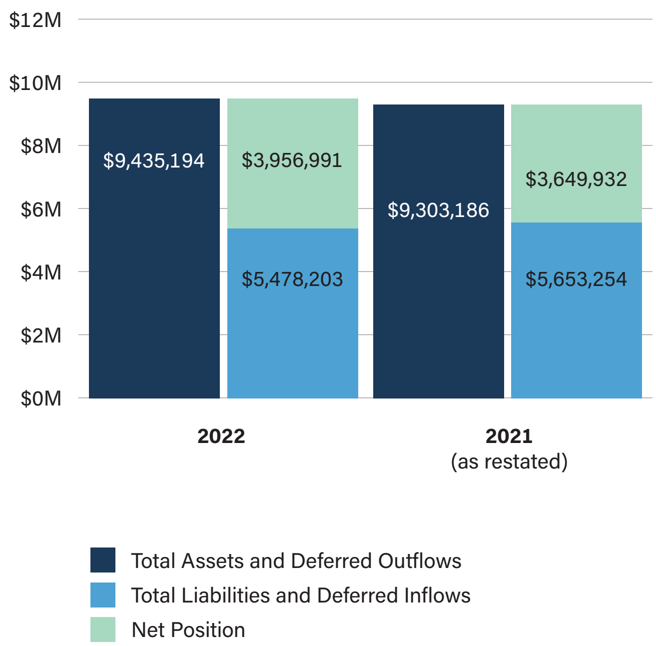
The financial reporting entity for the financial statements is comprised of the University and its component units. Certain component units are reported as if they were part of the University, and others are reported as discretely presented component units based on the nature and significance of their relationship to the University. Note 1A in the notes to the financial statements provides detailed information on the financial reporting entity.

Financial Overview

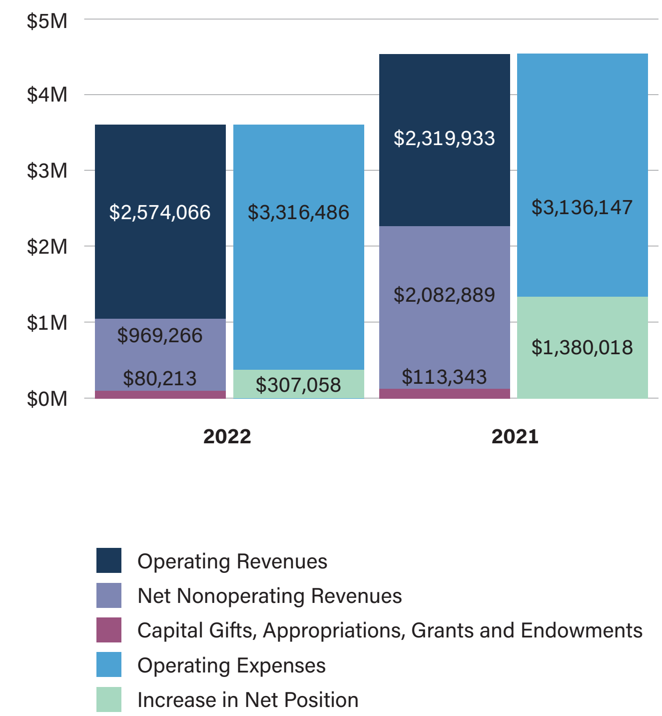
The University maintained its stable financial position at June 30, 2022. The current ratio at June 30, 2022 was 4.2 times, compared to 4.0 times at June 30, 2021, as restated. Net position, which represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources, was $4.0 billion at June 30, 2022, up from $3.6 billion at June 30, 2021. The University's total assets and deferred outflows of resources were $9.4 billion, and the total liabilities and deferred inflows were $5.5 billion at June 30, 2022.

A comparison of the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2022, and June 30, 2021, respectively, along with the major components of the changes in net position for the two fiscal years is presented below:

Statement of Net Position
Dollars in thousands



Statement of Revenues, Expenses and Changes in Net Position
Dollars in thousands



Net position increased $307.1 million at June 30, 2022, from the prior year's balance.

Using the Financial Statements

The University's 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 University presents two sets of fund financial statements 1) proprietary fund financial statements, which account for the University's primary activities and 2) fiduciary fund financial statements, which account for the University's custodial funds. The MD&A will only discuss proprietary fund financial statements.

The University's financial statements include the following financial statements with related note disclosures:

- *Statement of Net Position – Proprietary Funds*
- *Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds*
- *Statement of Cash Flows – Proprietary Funds*
- *Statement of Fiduciary Net Position*
- *Statement of Changes in Fiduciary Net Position*
- *Statement of Financial Position for Component Units of the University*
- *Statement of Activities for Component Units of the University*

The Statement of Fiduciary Net Position includes assets, liabilities, and net position for external pool participants in the University's External Investment Fund and Other Funds that are held in a custodial capacity. The Statement of Changes in Fiduciary Net Position reports the additions and deductions to these custodial funds during the period. See Note 1J - Accounting and Reporting of Fiduciary Activities for additional information regarding the University's fiduciary activities.

Management's Discussion and Analysis concentrates on the University's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position as condensed comparative financial information is not required for fiduciary activities.

Also included are the notes to the financial statements and required supplementary information which are essential to a comprehensive understanding of the financial position of the University. GASB standards require that assets and liabilities be separated into current and noncurrent categories and that financial statements be presented on a consolidated basis to focus on the University's business-type activities as a whole.

Condensed Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year, and includes all assets and deferred outflows of resources, liabilities and deferred inflows of resources, segregating the assets and liabilities into current and noncurrent components. The following table summarizes the University's Statement of Net Position as of June 30, 2022, and June 30, 2021, as restated:

Condensed Statement of Net Position
Dollars in thousands

	2022	2021 (as restated)	Percent Change
Assets:			
Current Assets	$2,299,923	$2,055,828	11.9
Noncurrent Assets:			
Endowment and Other Investments	3,118,310	3,232,425	(3.5)
Capital Assets, Net	3,091,632	3,176,912	(2.7)
Other Noncurrent Assets	240,618	232,675	3.4
Total Assets	**8,750,483**	**8,697,840**	**0.6**
Total Deferred Outflows of Resources	**684,711**	**605,346**	**13.1**
Liabilities:			
Current Portion of Long-Term Liabilities	147,730	142,443	3.7
Other Current Liabilities	395,876	372,967	6.1
Noncurrent Liabilities:			
Long-Term Liabilities, Net	3,960,019	3,961,203	0.0
Other Noncurrent Liabilities	104,403	153,301	(31.9)
Total Liabilities	**4,608,028**	**4,629,914**	**(0.5)**
Total Deferred Inflows of Resources	**870,175**	**1,023,340**	**(15.0)**
Net Position:			
Net Investment in Capital Assets	1,627,311	1,656,473	(1.8)
Restricted	3,277,322	3,331,398	(1.6)
Unrestricted	(947,642)	(1,337,939)	(29.2)
Total Net Position	**$3,956,991**	**$3,649,932**	**8.4**

Current Assets and Liabilities

As derived from the Statement of Net Position, working capital was $1.8 billion at June 30, 2022, compared to $1.5 billion at June 30, 2021. Working capital is defined as current assets less current liabilities. Current assets were $2.3 billion at June 30, 2022, up from $2.1 billion at June 30, 2021, primarily attributable to an increase in cash, investments, and receivables. These accounts increased mainly due to increases in auxiliary revenues, patient service revenues, and amounts received from the healthcare system further discussed in the operating revenues section below.

Endowment and Other Investments

Investment assets — Total endowment and other investments were $3.1 billion at June 30, 2022, which represents a decrease of 3.5% from June 30, 2021. This decrease is the result of the performance of the UNC Investment Fund.

Endowment management — The endowment assets are invested with The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund or CHIF), further detailed in Note 1A - Financial Reporting Entity. 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), an investment pool organized by the Chapel Hill Investment Fund to allow the University, along with other constituent institutions of the UNC System and affiliated organizations, to pool investment resources.

Endowment distribution — The CHIF investment objective is to earn a long-term real (i.e. inflation-adjusted) rate of return of approximately 5.5% per year. 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 is determined annually by its Board of Directors, and the distribution rate generally has ranged between 4.0% and 6.0% based on the beginning fair value of the Chapel Hill Investment Fund. For the fiscal year ended June 30, 2022, the distribution rate was 4.0%.

Recognizing that severe market declines periodically occur, a University Statutory Endowment policy (established pursuant to North Carolina General Statute 116-36) addresses the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The policy indicates that campus departments shall examine the endowment-supported activity for the upcoming fiscal year for possible deferment of program expenses, and if appropriate, pursue alternative funding for essential activities and 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.

Endowment performance — For FY 22, the UNC Investment Fund recorded a 4.4% investment return, compared to 42.3% for FY 21 and 2.3% for FY 20. While the Fund's FY 22 investment return failed to exceed the Fund's primary long-term objective of earning a real rate of return of at least 5.5% plus inflation (which amounted to 14.5% for FY 22), the Fund's return of 4.4% did exceed the Strategic Investment Policy Portfolio (SIPP) return of 0.1% for FY 22. Moreover, for the fiscal year, five of the Fund's seven primary asset classes generated positive returns and six exceeded their respective SIPP benchmarks. UNCIF performance returns were calculated prior to the annual fair market value adjustment of -$78.8 million. This adjustment is a result of UNC Investment Fund's receipt of additional June 30, 2022 valuation statements from a number of external investment managers after the date the FY 22 UNCIF return was finalized.

Over a longer term time horizon, UNCIF's five year annualized performance of 12.9% surpassed its SIPP return of 9.5% and the primary objective of earning an average annual rate of return of at least 5.5% plus inflation, net of all fees, over a rolling five-year period (which amounted to 9.4% for the period). The Fund's 10 year annualized return of 11.0% also surpassed its SIPP return of 8.6% and met the primary return objective of earning an average annual rate of return of at least 5.5% plus inflation, net of all fees, over a rolling ten-year period (which was 8.1% for the period). Over the last one, three, five and ten year periods, the Fund's performance ranked in the top quartile of the BNY Mellon Endowment & Foundation universe.

Capital Assets and Debt Management

In FY 22 the University completed the Hussman School of Journalism and Media's Curtis Media Center, the renovation of Morehead Chemistry building and Eshelman's School of Pharmacy's Beard Hall. In addition, the University received donations from the Educational Foundation benefiting Athletics including the Eddie Smith Fieldhouse renovation.

Major projects under construction include the School of Medicine's Medical Education Building and campus central alarm network replacement.

Current projects in design are Porthole Alley Redevelopment, Kenan Flagler's School of Business McColl Building addition, School of Nursing's Carrington Hall renovation and College of Arts and Science's Bingham Hall comprehensive renovation.

A summary of changes in capital assets is disclosed in Note 6 - Capital Assets. Capital assets, net of accumulated depreciation and amortization, at June 30, 2022, and June 30, 2021, were as follows:

Capital Assets

Dollars in thousands

	2022	2021 (as restated)	Percent Change
Capital Assets:			
Construction in Progress	$136,843	$145,374	(5.9)
Land and Other Nondepreciable Assets	244,766	238,073	2.8
Buildings, Net	1,977,163	2,003,064	(1.3)
General Infrastructure, Net	431,594	458,147	(5.8)
Machinery, Equipment, and Computer Software, Net	201,432	215,037	(6.3)
Right-to-Use Land and Buildings, Net	99,834	117,217	(14.8)
Total	**$3,091,632**	**$3,176,912**	**(2.7)**

Capital financing — During FY 22, the University maintained but did not use its commercial paper program to provide low-cost bridge financing for capital projects with the intent to refinance all, or a portion of the funding, through the issuance of long-term bonds.

The University began FY 22 with a zero balance in commercial paper and maintained a zero balance of commercial paper as of June 30, 2022.

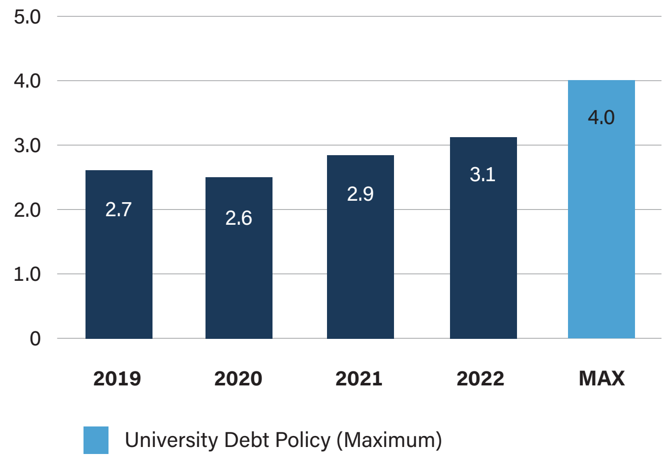
Debt management — The University maintains a combination of variable and fixed-rate debt, consistent with its debt management policy. Additional detail on rates and maturities can be found in Note 10 – Long-Term Liabilities.

The University's debt policy uses two key ratios to measure debt capacity, financial health, and credit quality. 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. The expendable resources to debt ratio measures unrestricted and restricted expendable net position to funded debt and serves as a relative indicator of financial health, or cushion. The unrestricted net position included in this calculation excludes the impact of the net pension and net OPEB liabilities since these do not have an impact on the University's ability to pay debt. Please see Note 13 - Net Position for additional information. Each ratio is compared to the University's debt policy standard. At June 30, 2022, the expendable resources to debt ratio was 3.5 times, and the debt service to operations ratio was 3.1%. Results of both ratios comply with the University's debt policy and indicate healthy coverage of debt requirements.

As a function of its debt management strategy, the University retained a balance of $365.6 million in unrestricted cash and investments for the purposes of payment of debt related obligations to include certain bullet maturities. No formal board designation, external requirement, or mandatory sinking fund exists to otherwise restrict the use of these funds as of June 30, 2022.

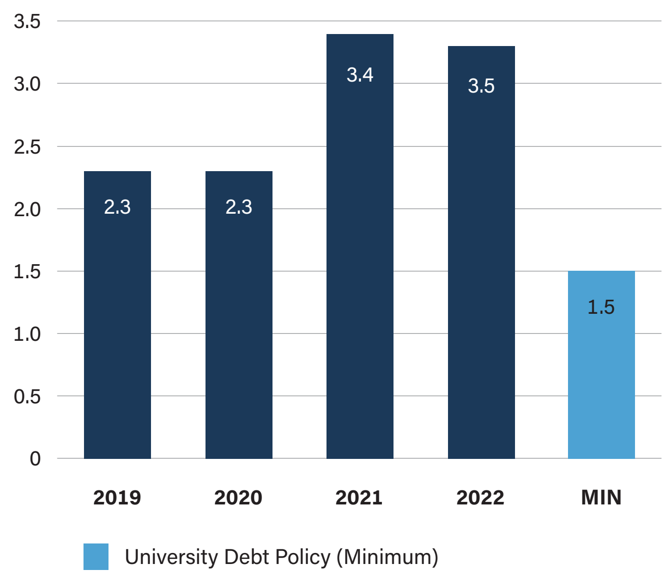
Debt Service to Operations

Percent



Expendable Resources to Debt

Times



In response to global rate reform and as a feature of remarketing its General Revenue 2012B, 2019AB bonds, as well as amending its 2012D and 2021A bonds, the University replaced its variable reference rate London Interbank Offered Rate (LIBOR) exposure with Secured Overnight Financing Rate Data (SOFR) in June of FY 22; please see Note 10 - Long-Term Liabilities for further details. Concurrently, the University amended the reference rates with respect to its swap agreements with the Bank of New York Mellon and Wells Fargo from LIBOR to SOFR that are designed to hedge cash flows on variable rate debt; please see Note 11 for further details.

The University continues to maintain its long-term bond ratings as affirmed in FY 22 coinciding with the remarketing of General Revenue Series 2012B and 2019AB of Aaa/AAA/AAA from Moody's Investor Services, S&P Global Ratings, and Fitch Ratings, respectively.

Other Noncurrent Assets and Liabilities

Other noncurrent assets were $240.6 million at June 30, 2022, and $232.7 million at June 30, 2021, restated, reflecting a 3.4% increase, primarily in cash. Other noncurrent assets include restricted cash and cash equivalents, receivables, notes receivable, investments in joint ventures, beneficial interest in assets held by others, and the net other postemployment benefits asset.

Total noncurrent liabilities were consistent at $4.1 billion at June 30, 2022. For more information, refer to Note 10 - Long-Term Liabilities.

Deferred Outflows and Inflows of Resources

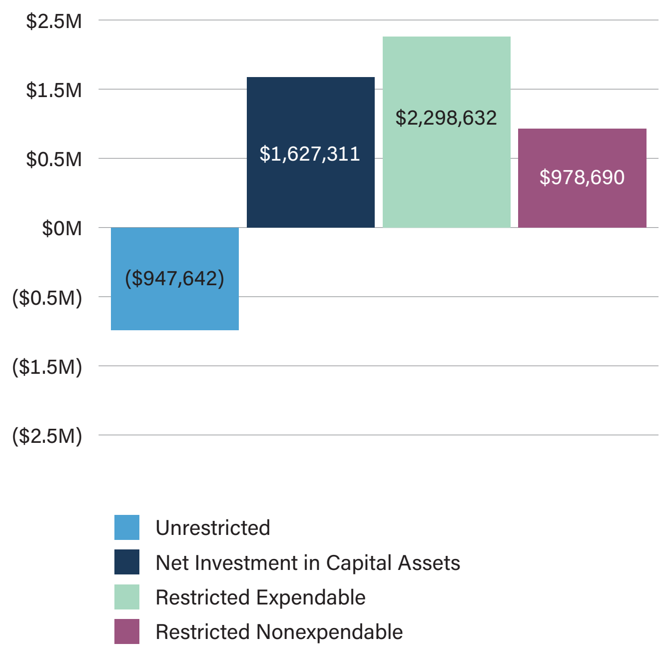
Deferred outflows of resources were $684.7 million at June 30, 2022, and $605.3 million at June 30, 2021. The 13.1% increase was driven primarily by an increase in deferred outflows related to Other Postemployment Benefits (OPEB). This is a result of a change in the University's proportionate share of contributions and the discount rate reduction. Deferred inflows of resources were $870.2 million at June 30, 2022, and $1.0 billion at June 30, 2021, reflecting a -15% decrease. This decrease was driven primarily by changes in actuarial assumptions for deferred inflows related to OPEB offset by an increase in the deferred inflows related to pensions. For more information, please refer to Note 16 - Pension Plans and Note 17 - Other Postemployment Benefits.

Net Position

Net position represents the value of the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The University's net position increased 8.4% from $3.6 billion as of June 30, 2021 to $4.0 billion as of June 30, 2022, driven by strong grant activity, Covid-19 operating revenue recovery, and increase in both State and Federal Support.

2022 Net Position: $3,956,991

Dollars in thousands



Condensed Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's results of operations. The statements for the fiscal year ended June 30, 2022, and the prior year are summarized as follows:

Condensed Statement of Revenues, Expenses, and Changes in Net Position
Dollars in thousands

	2022	2021	Percent Change
Operating Revenues:			
Student Tuition and Fees, Net	$464,123	$412,072	12.6
Grants and Contracts	1,019,720	959,215	6.3
Sales and Services, Net	1,079,649	942,579	14.5
Other Operating Revenues	10,573	6,067	74.3
Total Operating Revenues	**2,574,065**	**2,319,933**	**11.0**
Operating Expenses	**3,316,486**	**3,136,147**	**5.8**
Operating Loss	**(742,421)**	**(816,214)**	**(9.0)**
Nonoperating Revenues (Expenses):			
State Appropriations	587,593	537,409	9.3
Student Financial Aid	42,736	44,207	(3.3)
COVID Relief Funding	108,988	76,792	41.9
Noncapital Contributions, Net	343,242	399,820	(14.2)
Investment Income (Loss), Net	(63,588)	1,099,206	(105.8)
Interest and Fees on Debt	(50,915)	(51,189)	(0.5)
Other Nonoperating Expenses	1,210	(23,356)	105.2
Net Nonoperating Revenues	**969,266**	**2,082,889**	**(53.5)**
Income (Loss) Before Other Revenues	**226,845**	**1,266,675**	**(82.1)**
Capital Contributions	40,434	78,871	(48.7)
Additions to Permanent Endowments	39,780	34,471	15.4
Increase in Net Position	**307,059**	**1,380,018**	**(77.7)**
Net Position — July 1	**3,649,932**	**2,269,914**	**60.8**
Net Position — June 30	**$3,956,991**	**$3,649,932**	**8.4**

FY 22 revenues and other changes total $3,738,048 and expenses total $3,430,989.

FY 21 revenues and other changes total $4,590,709 and expenses total $3,210,692.

Operating Revenues

Operating revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions through various sources, highlighted below.

Student tuition and fees (net) for FY 22 increased 12.6% over the prior year. This was driven by enrollment and rate increases for nonresident students along with increases in the Master of Business Administration (MBA), Master of Public Health (MPH), and Executive Education programs.

Grants and contracts revenues from sponsored projects increased approximately 6.3% from FY 21 to FY 22. In terms of research funding, faculty secured $1.2 billion in sponsored program funding in FY 22. That represents a 12% increase from FY 21 where we received $1.07 billion. Consequently, there is still an upward trajectory for overall research activity at UNC-Chapel Hill. Sponsored project funding comes in the form of grants and contracts awarded by federal and state agencies, foundations, nonprofit organizations, corporations, and associations, with the federal government providing the majority of the awards.

The National Institutes of Health (NIH) remained the University's single largest funding source, with direct awards totaling $570 million, which was up from the FY 21 total of $538 million. NIH's strong and ongoing support reflects positively on the University's health-related professional schools, UNC Health Care and its teaching hospitals, as well as its basic and social science units in the College of Arts and Sciences.

The University's other top funders were the National Science Foundation at $40.7 million; the U.S. Agency for International Development (USAID) at $31.2 million; the U.S. Department of Defense at $25 million, and; the U.S. Dept. of Education at $17 million. The University's multidisciplinary research centers and institutes within the Vice Chancellor for Research's Division continue to play a strong role in bringing research funding to North Carolina, accounting for approximately $188.7 million, which is up from the FY 21 total of $152.7 million, and represents nearly 16% of the total awards for the University in FY 21.

Sales and services (net) includes the revenues generated by campus auxiliary operations such as student housing, campus health services, the utilities system, and parking and transportation, as well as from patient services provided by professional healthcare clinics. Sales and services (net) increased 14.5% in FY 22 as a result of the recovery from the pandemic in both the auxiliaries and patient services. Patient services also saw volume growth in outpatient clinics.

Operating Expenses

The University's operating expenses were $3.3 billion for the fiscal year ended June 30, 2022, an increase of 5.8% from the prior year.

Operating Expenses by Natural Classification
Dollars in thousands

	2022	2021	Percent Change
Salaries and Benefits	$1,806,973	$1,812,296	(0.3)
Supplies and Services	1,107,498	963,510	14.9
Scholarships and Fellowships	132,926	121,920	9.0
Utilities	82,906	79,240	4.6
Depreciation/Amortization	186,183	159,181	17.0
Total Operating Expenses	**$3,316,486**	**$3,136,147**	**5.8**

Supplies and services increased 14.9% as COVID-19 restrictions were relaxed. Scholarships and fellowships increased 9.0% due to the Higher Education Emergency Relief Fund distributions. Depreciation and amortization increased 17.0% driven by the implementation of GASB 87 – Leases.

Nonoperating Revenues and Expenses

State appropriations, noncapital contributions, and investment income/loss (net) are considered nonoperating because they are not generated by the University's principal, ongoing operations. State appropriations are provided to help fund operating expenses.

State appropriations revenue totaled $587.6 million for FY 22, an increase of 9.3% from the $537.4 million received during the prior year. This increase was driven by a legislative increase in Collaboratory funding combined with increased funding for salary and benefit rate adjustments. The North Carolina Policy Collaboratory was established in 2016 by the General Assembly for the purposes of facilitating the dissemination of the policy and research expertise of the University of North Carolina System and other institutions of higher learning across the State.

The University received $109.0 million in COVID-19 related funding. Of this total, $91.5 million was received directly from the Federal Government and $17.5 million was allocated by the State from the American Rescue Plan. Of the $91.5 million, the University received $49.8 million from the U.S. Department of Education Higher Education Emergency Relief Fund (HEERF). The student portion, $26.0 million, provided emergency financial aid grants to students for expenses related to cost of attendance or emergency costs due to COVID-19. The institutional portion, $23.8 million, was used to defray expenses associated with COVID-19.

Investment returns decreased substantially as a result of UNC Investment Fund's less favorable FY 22 return of 4.4% versus the FY 21 return of 42.3% further decreased by the subsequent fair value adjustment discussed above. Refer to the Endowment Performance subsection discussed previously in the Endowment and Other Investments section for additional discussion and analysis. Investment income includes investment yield and realized and unrealized gains and losses, net of investment management fees.

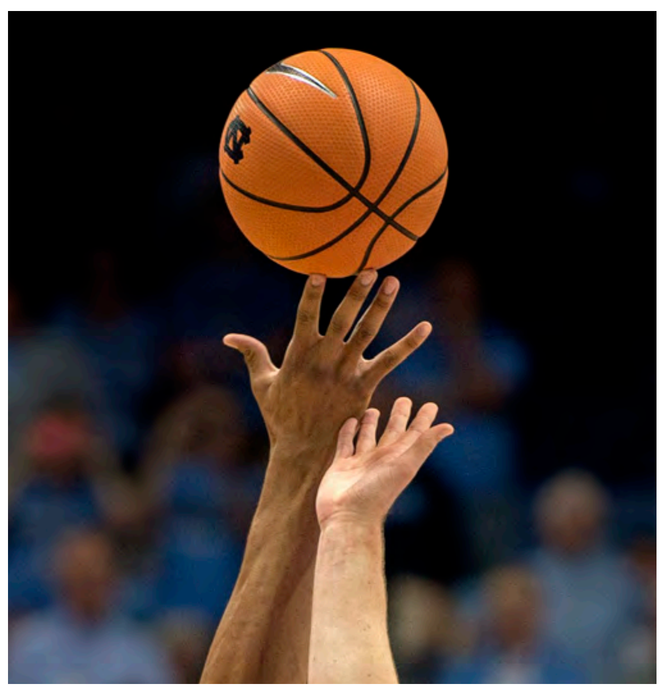
Total Operating and Nonoperating Revenues

Operating and nonoperating revenues such as state appropriations, noncapital grants, noncapital gifts, and investment income are used to fund University operations. The following chart illustrates the University's operating and nonoperating revenues, which total $3.7 billion for FY 22. As seen in the chart, the University has a diversified revenue base.

Other Changes in Net Position

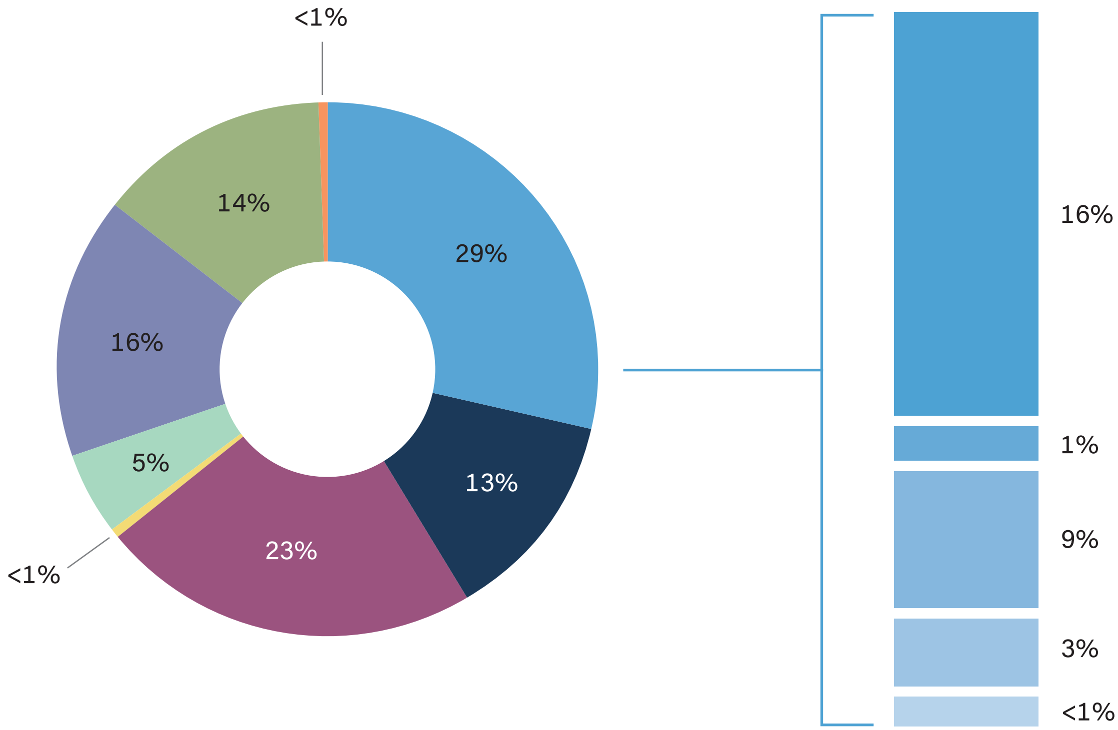
Capital contributions decreased from $78.9 million in FY 21 to $40.4 million in 2022. In FY 21 the University received the football indoor complex and the soccer/lacrosse field as gifts from the Educational Foundation.

Tip-off at a UNC Men's Basketball game.



2022 Revenues by Source: $3,657,834

Dollars in thousands



- Student Tuition and Fees, Net — $464,123
- Federal Grants and Contracts — $833,459
- State and Local Grants and Contracts — $13,390
- Nongovernmental Grants and Contracts — $172,871
- Patient Services, Net — $571,348
- Sales and Services, Net — $508,301
- Other Operating Revenues — $10,573
- Other — $1,083,769

- State Appropriations — $587,593
- Student Financial Aid — $42,736
- Noncapital Contributions — $343,242
- COVID Funding — $108,988
- Other — $1,210

Economic Outlook

The University of North Carolina at Chapel Hill remains financially sound with a robust and diverse revenue base, healthy endowments, strong traditions of private donations, experienced management, highly selective acceptance rates, and a continued commitment to excellence.

Tuition rates for FY 22 remained consistent for undergraduate resident students for the fifth consecutive year. The University continues to return a portion of tuition revenue to students in the form of need-based aid and combined with other sources, continues to provide financial aid to meet 100% of documented needs for undergraduate students.

State appropriations for FY 23 are budgeted at $573.6 million. Initiatives funded by the UNC System such as faculty recruitment and retention, campus scholarship awards, department-based research, and other programs may increase the state appropriations budget during the 2023 fiscal year.

Sponsored awards are a proven and reliable source in support of the University's research mission. The University's research enterprise has doubled in the last decade, reaching over $1 billion in extramural support for the third consecutive year in FY 22. It directly supports more than 10,000 positions statewide. Strong financial support from North Carolina's elected officials has helped build the infrastructure that enabled this growth, as have strong collaborative ties to Duke University and NC State University in the Research Triangle Park region.

In a 2020 report titled The Top American Research Universities, the University was ranked one of the top seven public universities. The report, produced by the Center for Measuring University Performance, assessed areas such as research, private support, faculty strength, and advanced training.

Carolina's donors set a record with their generous support of the University in FY 22, with commitments to the Campaign for Carolina totaling $798 million to advance student opportunities, faculty research and scholarship, and initiatives benefiting North Carolina citizens and people around the world. The total exceeded the previous record, set in fiscal year 2018, by 29% and was 33% higher than fiscal year 2021.

Investment income provides an important source of earnings to support the University's mission. Approximately $3.1 billion is invested with the UNC Investment Fund. The achievement of long-term investment objectives cannot be realized unless a substantial portion of assets are invested in securities which are subject to market volatility. The UNC Investment Fund does not

seek to eliminate risk, but to balance volatility and expected return. This strategy requires investments in different asset classes with proper diversification in order to minimize the probability of loss while generating investment returns sufficient to meet program objectives. As it relates to the Fund, diversification is primarily achieved through strategic asset allocation at the aggregate level and then augmented by differentiated strategies implemented by individual investment managers.

Since asset allocation is the fundamental driver of risk and return, the framework of the UNC Investment Fund has been designed to optimize risk-adjusted returns in support of achieving long-term objectives. The UNC Investment Fund has established ranges or bands for each respective asset class in order to provide a controlled framework for managing risk. Asset allocations are adjusted periodically, in accordance with policy objectives, to reflect market conditions and align assets with performance expectations.

Financial market conditions require flexibility and prudent investing to preserve and protect capital while incrementally generating return in a risk-efficient manner. Actual investment returns and expectations will vary depending upon the current economic environment, time horizon, and other factors.

The University's ability to grow the base and mix of its revenue is an important part of its financial and operational strategy. The University's mixture of funding sources includes student tuition, state appropriations, federal, state, and other research awards, philanthropy, sales from clinical and business operations, and investment returns. This diversity of resources provides flexibility for the University to withstand funding fluctuations.

Moody's, S&P, and Fitch affirmed the triple-A rating in conjunction with the remarketing of General Revenue Bond Series 2012B, 2019A, and 2019B in June of 2022. The ratings agencies continue to cite the University's strengths of: excellent student demand, sizeable research platform, superior asset base to include cash and investments, strong donor support, steady state support, and management oversight and controls.

The outlook for higher education is stable as emergence from remote learning to widespread return to on-campus learning supports a rebound in revenue from auxiliary activities. This is augmented by federal COVID-19 relief funds along with state support.

The University faces significant pressure on its ability to curb expenses while maintaining the competitive salaries and benefits needed to attract top faculty. Continued effective leadership, managing budgets and commitment to financial health will fortify the University as it continues to thrive and remain dedicated to its mission.

The Old Well.

Financial Statements

Table of Contents

Statement of Net Position - Proprietary Funds

June 30, 2022

Assets	
Current Assets:	
Cash and Cash Equivalents	$834,873,760
Restricted Cash and Cash Equivalents	411,356,495
Short-Term Investments	467,295,369
Restricted Short-Term Investments	156,019,756
Receivables, Net (Note 5)	332,144,067
Due from Primary Government	3,703,399
Due from State of North Carolina Component Units	50,433,195
Inventories	20,597,120
Notes Receivable, Net (Note 5)	3,873,359
Leases Receivable (Note 12)	998,917
Other Assets	18,628,364
Total Current Assets	**2,299,923,801**
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	135,963,716
Receivables, Net (Note 5)	62,648,824
Endowment Investments	3,042,313,675
Other Investments	58,269,537
Notes Receivable, Net (Note 5)	28,576,724
Investment in Joint Ventures (Note 21)	17,726,340
Leases Receivable (Note 12)	11,109,811
Beneficial Interest in Assets Held by Others	1,161,184
Net Other Postemployment Benefits Asset	1,157,640
Capital Assets - Nondepreciable (Note 6)	381,609,670
Capital Assets - Depreciable, Net (Note 6)	2,710,022,231
Total Noncurrent Assets	**6,450,559,352**
Total Assets	**$8,750,483,153**

Deferred Outflows of Resources	
Accumulated Decrease in Fair Value of Hedging Derivatives	$68,532,840
Deferred Loss on Refunding	8,565,875
Deferred Outflows Related to Pensions (Note 16)	161,527,209
Deferred Outflows Related to Other Postemployment Benefits (Note 17)	446,085,089
Total Deferred Outflows of Resources	**$684,711,013**

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

Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	$211,933,644
Due to State of North Carolina Component Units	11,556,881
Due to University Component Units	12,701,623
Deposits Payable	18,489,542
Funds Held for Others	1,415,901
Unearned Revenue	136,558,334
Interest Payable	3,220,418
Long-Term Liabilities - Current Portion (Note 10)	147,729,783
Total Current Liabilities	**543,606,126**
Noncurrent Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	20,860,190
U.S. Government Grants Refundable	15,010,265
Hedging Derivative Liability	68,532,840
Long-Term Liabilities, Net (Note 10)	3,960,018,921
Total Noncurrent Liabilities	**4,064,422,216**
Total Liabilities	**$4,608,028,342**

Deferred Inflows of Resources	
Deferred Inflows for Irrevocable Split-Interest Agreements	$ 19,348,664
Deferred Inflows Related to Pensions (Note 16)	194,421,897
Deferred Inflows Related to Other Postemployment Benefits (Note 17)	644,415,017
Deferred Inflows for Leases	11,989,636
Total Deferred Inflows of Resources	**$870,175,214**

Net Position	
Net Investment in Capital Assets	**$1,627,310,685**
Restricted - Nonexpendable:	
Scholarships and Fellowships	279,844,243
Research	19,507,632
Endowed Professorships	425,069,760
Departmental Uses	159,359,292
Loans	23,171,895
Other	71,736,972
Total Restricted - Nonexpendable	**978,689,794**
Restricted - Expendable:	
Scholarships and Fellowships	495,276,024
Research	62,203,904
Endowed Professorships	896,338,173
Departmental Uses	633,223,707
Capital Projects	57,929,978
Debt Service	300,265
Other	153,359,831
Total Restricted - Expendable	**2,298,631,882**
Unrestricted	**(947,641,751)**
Total Net Position	**$3,956,990,610**

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the fiscal year ended June 30, 2022

Operating Revenues	
Student Tuition and Fees, Net (Note 14)	$464,123,452
Patient Services, Net (Note 14)	571,348,255
Federal Grants and Contracts	833,459,143
State and Local Grants and Contracts	13,389,863
Nongovernmental Grants and Contracts	172,871,172
Sales and Services, Net (Note 14)	508,300,993
Interest Earnings on Loans	1,303,898
Lease Income	1,195,407
Other Operating Revenues	8,073,408
Total Operating Revenues	**$2,574,065,591**

Operating Expenses	
Salaries and Benefits	$1,806,973,414
Supplies and Services	1,107,497,548
Scholarships and Fellowships	132,926,511
Utilities	82,906,044
Depreciation/Amortization	186,182,853
Total Operating Expenses	**3,316,486,370**
Operating Loss	**($742,420,779)**

Nonoperating Revenues (Expenses)	
State Appropriations	$587,593,407
State Aid - COVID-19	17,481,402
Student Financial Aid	42,735,893
Federal Aid - COVID-19	91,506,976
Noncapital Contributions, Net (Note 14)	343,242,418
Investment Loss (Net of Investment Expense of $9,294,071)	(63,588,367)
Interest and Fees on Debt	(50,914,931)
Federal Interest Subsidy on Debt	95,262
Interest Earned on Leases	683,211
Other Nonoperating Revenues (Expenses)	431,030
Net Nonoperating Revenues	**969,266,301**
Income Before Other Revenues	**226,845,522**
Capital Contributions	40,433,302
Additions to Endowments	39,779,484
Total Other Revenues	**80,212,786**
Increase in Net Position	**$307,058,308**

Net Position	
Net Position — July 1, 2021	**$3,649,932,302**
Net Position — June 30, 2022	**$3,956,990,610**

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

Statement of Cash Flows - Proprietary Funds

For the fiscal year ended June 30, 2022

Cash Flows from Operating Activities	
Received from Customers	$2,532,807,278
Payments to Employees and Fringe Benefits	(2,022,830,213)
Payments to Vendors and Suppliers	(1,164,320,491)
Payments for Scholarships and Fellowships	(132,926,511)
Loans Issued	(5,366,361)
Collection of Loans	5,053,858
Interest Earned on Loans	1,564,603
William D. Ford Direct Lending Receipts	187,136,511
William D. Ford Direct Lending Disbursements	(187,136,511)
Related Activity Agency Receipts	1,415,901
Related Activity Agency Disbursements	(1,236,692)
Other Receipts	10,449,283
Net Cash Used by Operating Activities	**($775,389,345)**

Cash Flows from Noncapital Financing Activities	
State Appropriations	$587,593,407
State Aid - COVID-19	17,481,402
Student Financial Aid	39,719,024
Federal Aid - COVID-19	91,506,976
Noncapital Contributions	420,214,605
Additions to Endowments	39,779,484
Payments for Annuities and Life Income Payable Under Split-Interest Agreements	(7,286,440)
Net Cash Provided by Noncapital Financing Activities	**$1,189,008,458**

Cash Flows from Capital Financing And Related Financing Activities	
Capital Contributions	$29,664,197
Proceeds from Lease Arrangements	1,548,449
Acquisition and Construction of Capital Assets	(83,838,821)
Principal Paid on Capital Debt and Leases	(51,682,930)
Interest and Fees Paid on Capital Debt and Leases	(52,330,558)
Federal Interest Subsidy on Debt Received	95,262
Net Cash Used by Capital Financing and Related Financing Activities	**($156,544,401)**

Cash Flows from Investing Activities	
Proceeds from Sales and Maturities of Investments	$398,434,032
Investment Income	36,775,790
Purchase of Investments and Related Fees	(442,045,928)
Net Cash Provided by Investing Activities	**($6,836,106)**
Net Increase in Cash and Cash Equivalents	**$250,238,606**
Cash and Cash Equivalents — July 1, 2021	**$1,131,955,365**
Cash and Cash Equivalents — June 30, 2022	**$1,382,193,971**

Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	**($742,420,779)**
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	186,182,853
Lease Income (Amortized Deferred Inflows of Resources)	(1,195,407)
Allowances and Write-Offs	12,883,621
Other Nonoperating Income	1,616,875
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(67,785,524)
Due from Primary Government	(1,066,505)
Due from State of North Carolina Component Units	14,561,040
Inventories	919,178
Notes Receivable, Net	356,724
Net Other Postemployment Benefits Asset	2,331,489
Other Assets	2,376,172
Deferred Outflows Related to Pensions	(8,709,475)
Deferred Outflows Related to Other Postemployment Benefits	(121,761,332)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	13,774,689
Funds Held for Others	179,209
Unearned Revenue	9,452,675
Net Pension Liability	(225,855,599)
Net Other Postemployment Benefits Liability	295,486,620
Compensated Absences	1,230,850
Deposits Payable	1,945,041
Workers' Compensation Liability	(463,531)
Deferred Inflows Related to Pensions	(343,119,717)
Deferred Inflows Related to Other Postemployment Benefits	193,691,488
Net Cash Used by Operating Activities	**($775,389,345)**

Noncash Investing, Capital, and Financing Activities	
Assets Acquired through the Assumption of a Liability	$7,480,885
Assets Acquired through a Gift	10,769,105
Change in Fair Value of Investments	(98,412,321)
Loss on Disposal of Capital Assets	(4,119,840)
Amortization of Bond Premiums/Discounts	(1,993,037)
Amortization of Deferred Loss on Refunding	658,914
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(13,384,263)

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

Statement of Fiduciary Net Position - Custodial Funds

June 30, 2022

Assets	External Investment Pool Funds	Other Funds	Total Custodial Funds
Cash and Cash Equivalents	$0	$51,911,674	**$51,911,674.00**
Accounts Receivable		306,378	**306,378**
Other Assets		889,394	**889,394**
Investments (Note 2):			
Pooled Investment Funds	6,376,956,445		**6,376,956,445**
Other Investments		4,259,248	**4,259,248**
Total Assets	**$6,376,956,445**	**$57,366,694**	**$6,434,323,139**

Liabilities			
Accounts Payable and Accrued Liabilities (Note 7)	$4,433,651	$729,627	**$5,163,278**
Total Liabilities	**$4,433,651**	**$729,627**	**$5,163,278**

Net Position			
Restricted for:			
Pool Participants	$6,372,522,794	$0	**$6,372,522,794**
Individuals/Affiliated Organizations		56,637,067	**56,637,067**
Total Net Position	**$6,372,522,794**	**$56,637,067**	**$6,429,159,861**

Statement of Changes in Fiduciary Net Position - Custodial Funds

June 30, 2022

Additions	External Investment Pool Funds	Other Funds	Total Custodial Funds
Contributions:			
Pool Participants	$309,006,727	$0	**$309,006,727**
Individuals/Other Organizations		28,724,075	**28,724,075**
Total Contributions	**309,006,727**	**28,724,075**	**337,730,802**
Investment Activity:			
Investment Income	(196,875,797)	4,767,737	**(192,108,060)**
Investment Expenses	(19,601,192)	(119,958)	**(19,721,150)**
Net Investment Income (Loss)	**(216,476,989)**	**4,647,779**	**(211,829,210)**
Total Additions	**$92,529,738**	**$33,371,854**	**$125,901,592**

Deductions			
Withdrawals and Distributions	$436,919,968	$23,363,725	**$460,283,693**
Increase (Decrease) in Fiduciary Net Position	**($344,390,230)**	**$10,008,129**	**($334,382,101)**

Net Position			
Net Position - July 1, 2021	**$6,716,913,024**	**$46,628,938**	**$6,763,541,962**
Net Position - June 30, 2022	**$6,372,522,794**	**$56,637,067**	**$6,429,159,861**

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

Statement of Financial Position for Component Units of the University

June 30, 2022

Assets	UNC-CH Arts and Sciences Foundation, Inc.	The Educational Foundation Scholarship Endowment Trust	UNC Health Foundation, Inc.
Current Assets:			
Cash and Cash Equivalents	$29,742,605	$14,973,554	$27,636,944
Accounts Receivable	5,008,373		
Accounts Receivable, Other		13,424	
Pledges Receivable, Net		12,502,441	
Promises to Give, Net	33,252,082		
Unconditional Promises to Give, Current Portion, Net			27,289,795
Contribution Receivable from Split-Interest Agreements		5,990,091	
Receivable from UNC Chapel Hill Foundation			3,457,754
Other Receivables	17,905		
Other Current Assets			498,436
Total Current Assets	**68,020,965**	**33,479,510**	**58,882,929**
Property and Equipment: Capital Assets, Net	5,809,414		358,544
Total Property and Equipment	**5,809,414**		**358,544**
Other Assets:			
Investments	442,027,905	366,079,840	491,170,644
Unconditional Promises to Give, less Current Portion, Net			14,769,099
Split-Interest Agreements	3,134,523		
Cash Surrender Value of Life Insurance		810,024	
Operating lease right-of-use asset			3,289,787
Other Assets			3,354,037
Total Other Assets	**445,162,428**	**366,889,864**	**512,583,567**
Total Assets	**$518,992,807**	**$400,369,374**	**$571,825,040**
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$420	$0	$1,775,029
Operating Lease Liability			559,226
Annuities Payable		17,748	
Current Portion of Loan Payable	177,230		
Total Current Liabilities	**177,650**	**17,748**	**2,334,255**
Long-Term Liabilities:			
Loan Payable	1,859,937		
Operating Lease Liability			2,974,855
Liabilities Under Charitable Remainder Trusts			51,891
Total Long-Term Liabilities	**1,859,937**		**3,026,746**
Total Liabilities	**$2,037,587**	**$17,748**	**$5,361,001**
Net Assets			
Without Donor Restrictions			
Undesignated	$1,968,266	$0	$12,800,199
Designated by the Board for Endowment	87,318,231		12,576,981
Invested in Property and Equipment			358,544
Total Net Assets Without Donor Restrictions	**89,286,497**		**25,735,724**
Total Net Assets With Donor Restrictions	**427,668,723**	**400,351,626**	**540,728,315**
Total Net Assets	**516,955,220**	**400,351,626**	**566,464,039**
Total Liabilities and Net Assets	**$518,992,807**	**$400,369,374**	**$571,825,040**

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

Statement of Activities and Changes in Net Assets for Component Units of the University

For the fiscal year ended June 30, 2022

Support and Revenue	UNC-CH Arts and Sciences Foundation, Inc.	The Educational Foundation Scholarship Endowment Trust	UNC Health Foundation, Inc.
Support:			
Contributions	$32,379,791	$11,055,709	$74,465,030
Donated Support	3,662,959		
Contributed Services			2,981,232
Inherent Contribution			7,365,421
Change in Value of Split-Interest Agreements	102,707		(641,558)
Actuarial Adjustment of Annuities Payable		467	
Endowment Investment Return Designated for Current Operations		12,764,210	
Other Contributions		1,468,094	
Total Support	**36,145,457**	**25,288,480**	**84,170,125**
Revenue:			
Interest and Dividends			9,929,579
Net Change in Fair Value of Investments	15,002,584		
Net Realized and Unrealized Gains on Investments			(24,116,334)
Realized Gain on Investments	(6)		
Investment Income	56,159		
Other Income			1,013,638
Total Revenue	**15,058,737**		**(13,173,117)**
Total Support and Revenue	**51,204,194**	**25,288,480**	**70,997,008**
Expenses			
Program Services	16,287,519	13,495,810	31,849,087
Supporting Services:			
Fundraising	2,893,006	249,576	7,315,164
Membership Development		132,128	
Management, Administrative, and General	741,326	583,790	3,495,452
Total Supporting Services	**3,634,332**	**965,494**	**10,810,616**
Bad Debt	**127,051**		
Total Expenses and Bad Debt Expense	**20,048,902**	**14,461,304**	**42,659,703**
Other Changes			
Endowment Investment Return, Net of Amounts Designated for Current Operations		(360,530)	
Changes in Net Assets			
Without Donor Restrictions	4,364,194		543,469
With Donor Restrictions	26,791,098	10,466,646	27,793,836
Total Changes in Net Assets	**31,155,292**	**10,466,646**	**28,337,305**
Net Assets — Beginning of Year	**485,799,928**	**389,884,980**	**538,126,734**
Net Assets — End of Year	**$516,955,220**	**$400,351,626**	**$566,464,039**

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

Notes to the Financial Statements

Table of Contents

Note 1 | Significant Accounting Policies

A — Financial Reporting Entity

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 Annual Comprehensive 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. See below for further discussion of the University's component units. Other related foundations and similar nonprofit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

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 Intermediate Pool, LLC (UNC Intermediate Pool), 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), WUNC Public Radio, LLC (WUNC), Carolina Research Ventures, LLC (Research Ventures), and HVPV Holdings, LLC (HVPV), component units of the University, are reported as if they were part of the University.

The Chapel Hill Investment Fund was established in January 1997 and is classified as a governmental external investment pool. The fund is governed by a board consisting of eight to 11 ex-officio directors and two to five 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 Chair of the University Board of Trustees, the Chancellor, the Vice Chancellor for Finance and Operations, and the Vice Chancellor for University Development. 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 of the Chapel Hill Investment Fund may elect up to three members in their discretion. The Chapel Hill Investment Fund supports the University by operating an investment fund for certain eligible charitable, nonprofit 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, the UNC System, other constituent institutions of the UNC System, and certain eligible affiliated foundations, associations, trusts, and endowments that support the University and the UNC System, to pool their resources to collectively invest in opportunities identified, structured, and managed by the Management Company. The membership interests are offered only to eligible government entities or tax-exempt organizations that are controlled by, or support the University, the UNC System, or other constituent institutions of the 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. 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 UNC Intermediate Pool was organized in May 2013 by the University to make available an intermediate-term investment fund for eligible participants. The University is the controlling member. The UNC Intermediate Pool is classified as a governmental external investment pool. Eligible participants in the fund include not only the University but also the UNC System, its constituent institutions, and/or affiliates and supporting organizations of the UNC System or such constituent institutions. The University has retained the Management Company to serve as the investment manager of the fund. Because the University is the organizer and controlling member of the UNC Intermediate Pool, the financial statements of the UNC Intermediate Pool have been blended with those of the University.

The Management Company is 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 Operations, the Chair of the University Board of Trustees, the Chair 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 19-member board consisting of nine ex-officio directors and ten elected directors. Ex-officio directors include the Chair of the University Board of Trustees, the Chancellor, the Vice Chancellor for Finance and Operations, and the Vice Chancellor for University Development (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 ten 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 three ex-officio directors and up to 11 elected directors. Ex-officio directors include the Dean of the Kenan-Flagler Business School (Business School), the Senior Associate Dean for Finance, and the Associate Dean for Advancement. In addition, the Dean will appoint a finance professor from the faculty of the Business School to serve on the Board. 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.

WUNC is governed by a board consisting of nine members. Seven members of the board, at least two of which are current or previous members of the Board of Trustees of the University, are appointed by the Board of Trustees of the University. The remaining two board members are the University's Vice Chancellor of Communications and the General Manager of the noncommercial educational radio station WUNC-FM. The purposes of WUNC are to support the University by holding FCC licenses of noncommercial radio stations and operating and conducting programming of those radio stations and NC Public Radio, WUNC-FM, furthering the University's efforts to extend knowledge-based and educational services to the citizens of North Carolina and to enhance the quality of life for the people of the State. Because members of the Board of Directors of WUNC are officials or appointed by officials of the University and the primary purpose of WUNC is to benefit the University, its financial statements have been blended with those of the University.

Research Ventures is governed by a board consisting of six designated members and six at-large members. Designated members include the Chief Financial Officer of the University, the Chief Executive Officer of the UNC Management Company, Inc., two members of the Board of Trustees of the University, and two individuals appointed by the Chief Executive Officer of the UNC Health Care System. Five at-large members are elected by the designated members, and one is appointed by UNC Health Care. Research Ventures supports the educational mission of the University by performing functions to carry out the purposes of the University including creating, acquiring, holding, and disposing of investments on behalf of the University in businesses that commercialize technology and inventions created at the University or through use of University resources. Carolina Research Venture Investment Fund, LLC is a component unit of Research Ventures and is included in its financial statements. Because a majority number of the Board of Directors are officials or appointed by officials of the University, and Research Ventures' primary purpose is to benefit the University, the financial statements of Research Ventures have been blended with those of the University.

HVPV is governed by the University as a sole member of HVPV. All decisions with respect to the management of the business and affairs of HVPV are made by the University. The University directs, manages, and controls the business of HVPV. HVPV was formed for the sole benefit of the University and its purposes include holding an investment in limited partnership interests of a venture capital partner and promoting the business thereof. Because the University has complete authority to make decisions, and HVPV's primary purpose is to benefit the University, the financial statements of HVPV have been blended with those of the University.

Separate financial statements for the University's blended component units may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

Condensed combining information regarding blended component units is provided in Note 22.

Discretely Presented Component Units — UNC Health Foundation, Inc. (UNC Health Foundation), previously known as The Medical Foundation of North Carolina, Inc., 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 nonprofit, tax exempt corporations and are reported as discretely presented component units based on the nature and significance of their relationship to the University.

The UNC Health Foundation is governed by a board of up to 33 elected directors. The board also includes five ex-officio directors. The Dean of the UNC School of Medicine and CEO of UNC Health Care, the Vice Chancellor for University Development and the Associate Dean for Medical Alumni Affairs (UNC School of Medicine) all have voting rights. The President of UNC Health Foundation and the President of UNC Hospitals do not. Historically, the University's School of Medicine has been the major recipient of financial support from the UNC Health Foundation rather than UNC Hospitals. Although the University does not control the timing or amount of receipts from the UNC Health Foundation, the majority of resources or income that the UNC Health Foundation holds and invests is restricted to the University by the donors. Because these restricted resources held by the UNC Health Foundation can only be used by, or for the benefit of the University, the UNC Health Foundation is considered a component unit of the University.

The Arts and Sciences Foundation is governed by a board consisting of five ex-officio directors, 33 elected directors and such number of emeritus directors determined from time to time by the Board of Directors. Staggered terms are set for the elected directors 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 provides that The Educational Foundation, Inc. appoints and designates the voting members of the Investment Committee as Trustees of the Trust. The Educational Foundation Trust operates solely to assist the University in providing financial assistance to students at the University. On an annual basis, the 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 the contributions that the Educational Foundation Trust receives 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 UNC Health Foundation, Arts and Sciences Foundation, and Educational Foundation Trust are private, nonprofit organizations that report their financial results under the Financial Accounting Standards Board (FASB) Codification. 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 statements for these differences.

During the year ended June 30, 2022, the UNC Health Foundation, Arts and Sciences Foundation, and Educational Foundation Trust distributed $53,012,523 to the University for both restricted and unrestricted purposes. Complete financial statements for the UNC Health 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.

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*, and GASB Statement No. 84, *Fiduciary Activities*, require the presentation of both proprietary and fiduciary fund financial statements. See below for a description of each fund.

Proprietary Fund — This fund accounts for the University's primary activities and is presented in a single column on the accompanying proprietary fund financial statements.

Fiduciary Funds — These funds account for all of the University's fiduciary activities, which are considered custodial funds. These resources are held by the University in a purely custodial capacity on behalf of individuals, affiliated organizations, and other external parties. Custodial funds include the external portion of an investment pool sponsored by the UNC Investment Fund as well as resources held on behalf of related parties and associated entities for various purposes.

These resources are held by the University in a purely custodial capacity on behalf of individuals, affiliated organizations, and other external parties. Custodial funds include the external portion of an investment pool sponsored by the UNC Investment Fund, LLC as well as resources held on behalf of related parties and associated entities for various purposes.

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.

Nonexchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange, include 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 (STIF). The STIF 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

To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Investments for which a readily determinable fair value does not exist include investments in hedge funds and limited partnerships. These investments are carried at net asset value (NAV) per share 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 NAV of such investments. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the value of investments is recognized as a component of investment income.

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 or for a specified period of time, 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. Please see Note 4 – Endowment Investments for additional information.

F — Receivables

Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services, as well as charges to patients for services provided by the UNC Faculty Physicians and the Dental Faculty Practices. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.

G — Inventories

Inventories, consisting of expendable supplies, postage, fuel held for consumption, and other merchandise for resale, are valued at cost or average cost.

H — Capital Assets

Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. The value of assets constructed includes all material direct and indirect construction costs. Right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term, plus any upfront payments and ancillary charges paid to place the leased asset into service.

The University capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for internally generated computer software which is capitalized when the value or cost is $1,000,000 or greater and other intangible assets which are capitalized when the value or cost is $100,000 or greater. Building or land lease payables are capitalized as right-to-use assets when the leased asset has a cost of $5,000 or greater and an estimated useful life of more than one year.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets in the following manner:

Asset Class	Estimated Useful Life
Buildings	10–75 years
Machinery and Equipment	3–30 years
General Infrastructure	10–75 years
Computer Software	3–20 years

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

Amortization for right-to-use assets are computed using the straight-line method over the shorter of the lease term or the asset's estimated useful life, unless the lease contains a purchase option the University is reasonably certain will be exercised. In those instances, the right-to-use leased asset is amortized over the asset's estimated useful life.

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, 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 — Accounting and Reporting of Fiduciary Activities

Pursuant to the provisions of GASB Statement No. 84, Fiduciary Activities, custodial funds that are normally expected to be received and disbursed within a 3-month period or otherwise do not meet the fiduciary activity criteria defined by GASB Statement No. 84 continue to be reported in the Statement of Net Position as funds held for others and as operating activities in the Statement of Cash Flows.

All trust or custodial funds meeting the criteria of a fiduciary activity are reported in separate fiduciary fund financial statements.

K — Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Long-term debt includes: revenue bonds payable, bonds from direct placements, and notes from direct borrowings. Other long-term liabilities include: leases payable, compensated absences, annuities and life income payable, net pension liability, net other postemployment benefits (OPEB) liability, and workers' compensation.

Revenue bonds payable are reported net of unamortized premiums or discounts. The University amortizes bond premiums/discounts over the life of the bonds using the straight-line method that approximates the effective interest method. Deferred gains and losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight line method, and are aggregated as deferred outflows of resources or deferred inflows of resources on the Statement of Net Position. Issuance costs are expensed in the reporting period in which they are incurred.

The net pension liability represents the University's proportionate share of the collective net pension liability reported in the State of North Carolina's 2021 Annual Comprehensive Financial Report. This liability represents the University's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 16 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

The net OPEB liability represents the University's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2021 Annual Comprehensive Financial Report. This liability represents the University's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. See Note 17 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

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

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.

M — Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

N — Net Position

The University's net position is classified as follows:

PROPRIETARY FUND

Net Investment in Capital Assets — This represents the University's total investment in capital assets, net of outstanding liabilities 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 net investment in capital assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position.

Restricted Net Position - Nonexpendable — Nonexpendable restricted net position includes 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 Position - Expendable — Expendable restricted net position includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Position — Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income. It also includes the net position of accrued employee benefits such as compensated absences, workers' compensation, pension plans, and other postemployment benefits.

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. Both restricted and unrestricted net position include consideration of deferred outflows of resources and deferred inflows of resources. See Note 13 for further information regarding deferred outflows of resources and deferred inflows of resources that had a significant effect on unrestricted net position.

FIDUCIARY FUNDS

Restricted Net Position — Fiduciary net position includes resources held in a custodial capacity for external pool participants in the University's External Investment Fund, and for other individual, organizations, and governments that are not available for alternative use by the University.

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 Position. 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 nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. 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 nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. 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 noncapital 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.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the University, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating 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, 2022, the amount shown on the Statement of Net Position as cash and cash equivalents includes $1,220,987,248, which represents the University's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 0.9 years as of June 30, 2022. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

Deposit Reconciliation:

	Proprietary Fund	Fiduciary Fund	Total
Cash on Hand	$76,191	$0	**$76,191**
Deposits with Private Financial Institutions	161,130,532	51,911,674	**213,042,206**
Deposits in the Short-Term Investment Fund	1,220,987,248		**1,220,987,248**
Total Deposits	**$1,382,193,971**	**$51,911,674**	**$1,434,105,645**
Deposits			
Current:			
Cash and Cash Equivalents	$834,873,760	$0	**$834,873,760**
Restricted Cash and Cash Equivalents	411,356,495		**411,356,495**
Noncurrent:			
Restricted Cash and Cash Equivalents	135,963,716	51,911,674	**187,875,390**
Total Deposits	**$1,382,193,971**	**$51,911,674**	**$1,434,105,645**

Cash on hand at June 30, 2022 was $76,191. The carrying amount of the University's deposits not with the State Treasurer was $213,042,206 in sum, which is $161,130,532 for the proprietary fund and $51,911,674 for the fiduciary funds. The bank balance was $310,618,466. 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, 2022, $56,570,158 of the University's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

B — Investments

University — 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; certificates of deposit and other deposit accounts of specified financial institutions; prime quality commercial paper; asset-backed securities with specified ratings, specified bills of exchange or time drafts, and corporate bonds/notes with specified ratings; 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, UNC Management Company, Chapel Hill Investment Fund, UNC Intermediate Pool, UNC Investment Fund, and Business School Foundation, 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.

Investments from various donors or other sources 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 as defined by GASB Statement No. 40, Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3.

Interest Rate Risk: Interest rate risk is the risk the University may face should interest rate variances affect the 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 value of an investment. The University does not have a formal policy for foreign currency risk.

The information provided below includes investments for the proprietary fund, fiduciary funds and the discretely presented component units. See the reconciliation below of total investments for the University as of
June 30, 2022.

Temporary Investment Pool (Temporary Pool) — The Temporary Pool is a fixed income portfolio managed by the 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 Fiduciary Fund financial statements. 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 fair value information. Investments of the Temporary Pool are generally highly liquid and include (but are not limited to) 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.

Participants' cash balances are automatically invested in the Temporary Pool. Income distribution is calculated based on the Average Daily Balance (ADB) and distributed monthly. The rate earned by an account is dependent upon its account classification. The rates are set by policy and approved by the Vice Chancellor for Finance and Operations.

The following table presents the Temporary Pool investments by type and investments subject to interest rate risk at June 30, 2022:

Temporary Pool Investments

		Investment Maturities (In Years)			
Investment Type	**Amount**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
Debt Securities:					
U.S. Treasuries	$111,890,800	$24,579,000	$87,311,800	$0	$0
U.S. Agencies	50,967,993	4,602,394	11,273,332	377,566	34,714,701
Collateralized Mortgage Obligations	569,079				569,079
Asset-Backed Securities	887,613			359,260	528,353
Money Market Mutual Funds	41,262,765	41,262,765			
Total Debt Securities	**$205,578,250**	**$70,444,159**	**$98,585,132**	**$736,826**	**$35,812,133**
Other Securities:					
Domestic Stocks	30,000				
Total Temporary Pool Investments	**$205,608,250**				

The University has elected to invest $146,373,179 of Temporary Pool assets in the Chapel Hill Investment Fund. The disclosures for these investments are not included in the preceding table. Rather, the disclosures for this portion of the Temporary Investment Pool are included in those for the Chapel Hill Investment Fund.

At June 30, 2022, investments in the Temporary Pool had the following credit quality distribution for securities with credit exposure:

	Amount	AAA, Aaa	AA, Aa	BBB, Baa	BB, Ba and Below	Unrated
U.S. Agencies	$50,967,993	$0	$50,967,993	$0	$0	$0
Collateralized Mortgage Obligations	569,079			114,243	106,805	348,031
Asset-Backed Securities	887,613				528,353	359,260
Money Market Mutual Funds	41,262,765	41,262,765				
Totals	**$93,687,450**	**$41,262,765**	**$50,967,993**	**$114,243**	**$635,158**	**$707,291**

Rating Agency: Moody's/S&P Global Ratings/Fitch (lowest rating reported above)

Since a separate annual financial report of the Temporary Investment Pool is not issued, the following additional disclosures are being provided in the University's financial statements. The Temporary Investment Pool's Statement of Net Position and Statement of Operations and Changes in Net Position as of and for the period ended June 30, 2022, are as follows:

Statement of Net Position

June 30, 2022

	Amount
Assets:	
Accrued Investment Income	$327,435
Chapel Hill Investment Fund	146,373,179
Investments	205,608,250
Total Assets	**352,308,864**
Total Liabilities	**–**
Net Position Restricted for Members:	
Internal Portion	257,107,405
External Portion	95,201,459
Total Net Position	**$ 352,308,864**

Statement of Operations and Changes in Net Position

June 30, 2022

	Amount
Change in Net Position from Operations:	
Investment Activities: Investment Loss	($4,738,111)
Expenses: Investment Management	(21,428)
Net Decrease in Net Position Resulting from Operations	**(4,759,539)**
Share Transactions:	
Net Share Purchases	9,987,568
Total Increase in Net Position	**5,228,029**
Net Position:	
Beginning of Year	347,080,835
End of Year	**$352,308,864**

UNC Intermediate Pool, LLC — The UNC Intermediate Pool, LLC (UNC Intermediate Pool) was organized in May 2013 by the University to make available an intermediate-term investment fund for eligible participants with the University being the controlling member. The UNC Intermediate Pool is classified as a governmental external investment pool. Eligible participants in the pool include not only the University but also the University of North Carolina System (UNC System), its constituent institutions, and/or affiliates and supporting organizations of the UNC System or such constituent institutions. The University has retained the Management Company to serve as the investment manager of the pool.

Ownership of the UNC Intermediate Pool is measured using the unit value method. Under this method, each participant's investment balance is determined on a fair value basis. The UNC Intermediate Pool is not registered with the SEC and is not subject to any formal oversight beyond that provided by UNC Management Company as well as an Oversight Committee of University employees appointed by the Chancellor of the University. 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 UNC Intermediate Pool. The audited financial statements for the UNC Intermediate Pool, LLC may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

The Bank of New York Mellon is the custodian for the UNC Intermediate Pool and provides the University with monthly statements providing income and fair value information. UNC Intermediate Pool investments are comprised of (but not limited to) shares in mutual funds, money market accounts, and the UNC Investment Fund.

As of June 30, 2022, the University's membership interest was approximately 38% of the UNC Intermediate Pool's total membership interests. An affiliated organization, not included in the University's reporting entity, held the remaining 62% membership interest. This external portion of the UNC Intermediate Pool is presented in the accompanying Fiduciary Fund financial statements.

The following table presents the UNC Intermediate Pool investments by type and investments subject to interest rate risk at June 30, 2022:

UNC Intermediate Pool

		Investment Maturities (In Years)			
Investment Type	**Amount**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
Debt Securities:					
U.S. Treasuries	$15,865,511	$4,632,519	$1,854,736	$1,243,946	$8,134,310
U.S. Agencies	13,873,761			2,380,518	11,493,243
Mortgage Pass Throughs	5,240,219				5,240,219
Collateralized Mortgage Obligations	10,899,876				10,899,876
Asset-Backed Securities	117,397,198	1,222,051	6,350,382	22,831,718	86,993,047
Debt Mutual Funds	310,523,016		195,700,589	114,822,427	
Money Market Mutual Funds	26,604,987	26,604,987			
Domestic Corporate Bonds	8,328,595		616,351	4,844,910	2,867,334
Foreign Corporate Bonds	10,855,907		858,571	6,000,020	3,997,316
Total Debt Securities	**519,589,070**	**$32,459,557**	**$205,380,629**	**$152,123,539**	**$129,625,345**
Other Securities:					
Domestic Stocks	1,121,764				
Foreign Stocks	22,716				
Credit Based Commingled Funds	171,405,419				
Total UNC Intermediate Pool Investments	**$692,138,969**				

The University has elected to invest $284,834,859 of assets of the UNC Intermediate Pool in the UNC Investment Fund. The disclosures for these investments are not included in the preceding table. Rather, the disclosures for this portion of UNC Intermediate Pool investments are included in those for the UNC Investment Fund.

At June 30, 2022, investments in the UNC Intermediate Pool had the following credit quality distribution for securities with credit exposure:

	Amount	**AAA, Aaa**	**AA, Aa**	**A**	**BBB, Baa**	**BB, Ba and Below**	**Unrated**
U.S. Agencies	13,873,761	$0	13,253,451	$0	$0	$0	620,310
Mortgage Pass Throughs	5,240,219		618,283	3,404,597	1,217,339		
Collateralized Mortgage Obligations	10,899,876					6,700,016	4,199,860
Asset-backed Securities	117,397,198	1,306,558	1,552,798	2,707,586	30,711,634	62,244,774	18,873,848
Debt Mutual Funds	310,523,016			215,109,126	83,460,830	11,953,060	
Money Market Mutual Funds	26,604,987	26,604,987					
Domestic Corporate Bonds	8,328,595	358,444	342,028		339,344	5,546,011	1,742,768
Foreign Corporate Bonds	10,855,907	204,573	200,374	493,066	4,271,234	5,541,321	145,339
Totals	**$503,723,559**	**$28,474,562**	**$15,966,934**	**$221,714,375**	**$120,000,381**	**$91,985,182**	**$25,582,125**

Rating Agency: Moody's/S&P Global Ratings/Fitch (lowest rating reported above).

UNC Chapel Hill Foundation Investment Fund, Inc. (Chapel Hill Investment Fund) — Chapel Hill Investment Fund is a North Carolina nonprofit 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, nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. The University's Endowment, UNC-Chapel Hill Foundation, and Business School Foundation are the predominant proprietary investors in the Chapel Hill Investment Fund. UNC Health Foundation, Arts and Sciences Foundation, and The Educational Foundation Scholarship Trust are the primary discretely presented participants in the Chapel Hill Investment Fund. Other affiliated organizations in the Chapel Hill Investment Fund are not included in the University's reporting entity but are reported in the fiduciary funds' financial statements. 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 fair value basis.

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 fair value, applicable realized gains and losses and expenses. The Chapel Hill Investment Fund uses a unit basis to determine each participant's fair 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.

UNC Investment Fund, LLC (UNC Investment Fund) — The UNC Investment Fund is a nonprofit 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, nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support these institutions.

The University's reporting entity portion of the Chapel Hill Investment Fund and the Management Company's portion of the UNC Investment Fund are characterized as the internal portion. Other entities not considered part of the University's reporting entity such as, affiliated organizations invested in the Chapel Hill Investment Fund, and other members of the UNC Investment Fund are characterized as the external portion. The external portion of the UNC Investment Fund is presented in the accompanying Fiduciary Fund financial statements. Discretely presented component units' investments in the Chapel Hill Investment Fund are shown on their discretely presented financial statements. 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 fair 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 fair value information. The UNC Investment Fund uses a unit basis to determine each member's fair 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.

South Building.

The following table presents the UNC Investment Fund investments by type and investments subject to interest rate risk at June 30, 2022:

UNC Investment Fund

		Investment Maturities (In Years)			
Investment Type	**Amount**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
Debt Securities:					
U.S. Treasuries	$46,589,879	$15,944,574	$18,471,128	$4,405,447	$7,768,730
U.S. Agencies	30,066,649		1,387,383	3,885,618	24,793,648
Collateralized Mortgage Obligations	56,022,487	1,877,297	2,898,527	1,585,078	49,661,585
Asset-Backed Securities	64,290,704		7,258,692	23,943,449	33,088,563
Money Market Mutual Funds	240,605,020	240,605,020			
Domestic Corporate Bonds	1,035,830		477,355		558,475
Total Debt Securities	**438,610,569**	**$258,426,891**	**$30,493,085**	**$33,819,592**	**$115,871,001**
Other Securities:					
Domestic Stocks	488,600,247				
Foreign Stocks	22,049,406				
Real Estate Investment Trust	114,224,202				
Long/Short Hedge Funds	1,462,150,081				
Diversifying Hedge Funds	715,714,394				
Hedge Funds in Liquidation	16,793,406				
Long Only Hedge Funds	1,771,250,086				
Credit Based Commingled Funds	167,832,301				
Private Equity Limited Partnerships	4,334,748,418				
Real Assets Limited Partnerships	639,108,588				
Total UNC Investment Fund Investments	**$10,171,081,698**				

At June 30, 2022, investments in the UNC Investment Fund had the following credit quality distribution for securities with credit exposure:

	Amount	**AAA, Aaa**	**AA, Aa**	**A**	**BBB, Baa**	**BB, Ba and Below**	**Unrated**
U.S. Agencies	$30,066,649	$0	$20,552,567	$0	$0	$0	$9,514,082
Collateralized Mortgage Obligations	56,022,487	153,761	3,800,904	1,052,731	5,140,663	23,776,919	22,097,509
Asset-Backed Securities	64,290,704				1,772,243	52,217,098	10,301,363
Money Market Mutual Funds	240,605,020	240,605,020					
Domestic Corporate Bonds	1,035,830			558,475	477,355		
Totals	**$392,020,690**	**$240,758,781**	**$24,353,471**	**$1,611,206**	**$7,390,261**	**$75,994,017**	**$41,912,954**

Rating Agency: Moody's/S&P Global Ratings/Fitch (lowest rating reported above).

Foreign Currency Risk: The UNC Investment Fund holds foreign currency investments which are presented in U.S. dollars. At June 30, 2022, the UNC Investment Fund's exposure to foreign currency risk is as follows:

Investment	Currency	Amount (U.S. Dollars)
Private Equity Limited Partnerships	Euro	$164,656,834
Real Assets Limited Partnerships	Euro	739,908
Hedge Funds	Euro	22,896,153
Total Euro		**188,292,895**
Private Equity Limited Partnerships	British Pound Sterling	60,628,704
Real Assets Limited Partnerships	British Pound Sterling	24,314
Total British Pound Sterling		**60,653,018**
Private Equity Limited Partnerships	Canadian Dollar	4,912,435
Private Equity Limited Partnerships	Australian Dollar	7,926
Total		**$253,866,274**

The UNC Investment Fund recognized an aggregate foreign currency transaction loss of $25,595,993 for the fiscal year ended June 30, 2022. Transaction gains or losses result from a change in exchange rates between the U.S. Dollar and the currency in which a foreign currency transaction is denominated.

Investment Derivatives: At June 30, 2022, the UNC Investment Fund is invested in foreign currency forward contracts with a fair value of ($1,190,621) Disclosures are provided for these investments in Note 11 Derivative Instruments.

The University's reporting entity, including the three discretely presented component units, comprises approximately 44% of the UNC Investment Fund.

Non-Pooled Investments — The following table presents investments by type and investments subject to interest rate risk at June 30, 2022, for the University's non-pooled investments.

		Investment Maturities (In Years)			
Investment Type	**Amount**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
Debt Securities:					
U.S. Treasuries	$196,043	$0	$89,637	$106,406	$0
U.S. Agencies	57			57	
Mortgage Pass Throughs	25			25	
Collateralized Mortgage Obligations	40,956				40,956
Debt Mutual Funds	6,663,601		387,374	6,276,227	
Money Market Mutual Funds	190,031	190,031			
Foreign Government Bonds	25,957		25,957		
Total Debt Securities	**7,116,670**	**$190,031**	**$502,968**	**$6,382,715**	**$40,956**
Other Securities:					
Equity Mutual Funds	13,012,512				
Domestic Stocks	29,378,862				
International Mutual Funds	7,908,392				
Investments in Real Estate	6,402,774				
Gifted Life Insurance	2,772,192				
Real Estate Investment Trust	6,388				
Private Equity Limited Partnerships	23,484,644				
Total Non-Pooled Investments	**$90,082,434**				

At June 30, 2022, the University's non-pooled investments had the following credit quality distribution for securities with credit exposure:

	Amount	AAA, Aaa	AA, Aa	BB, Ba and Below	Unrated
U.S. Agencies	$57	$0	$0	$0	$57
Mortgage Pass Throughs	25				25
Collateralized Mortgage Obligations	40,956			35,907	5,049
Debt Mutual Funds	6,663,601	2,972,908	13,430	2,482,056	1,195,207
Money Market Mutual Funds	190,031	190,031			
Foreign Government Bonds	25,957			25,957	
Totals	**$6,920,627**	**$3,162,939**	**$13,430**	**$2,543,920**	**$1,200,338**

Rating Agency: Moody's/S&P Global Ratings/Fitch (lowest rating reported above).

Foreign Currency Risk: At June 30, 2022, the University had nominal direct exposure to foreign currency risk in non-pooled investments.

Total Investments — The following table presents the total investments at June 30, 2022:

Investment Type	Amount
Debt Securities:	
U.S. Treasuries	$174,542,233
U.S. Agencies	94,908,460
Mortgage Pass Throughs	5,240,244
Collateralized Mortgage Obligations	67,532,398
Asset-Backed Securities	182,575,515
Debt Mutual Funds	317,186,617
Money Market Mutual Funds	308,662,803
Domestic Corporate Bonds	9,364,425
Foreign Corporate Bonds	10,855,907
Foreign Government Bonds	25,957
Total Debt Securities	**1,170,894,559**
Other Securities:	
Equity Index/Mutual Funds	13,012,512
International Mutual Funds	7,908,392
Investments in Real Estate	6,402,774
Real Estate Investment Trusts	114,230,590
Long/Short Hedge Funds	1,462,150,081
Diversifying Hedge Funds	715,714,394
Hedge Funds In Liquidation	16,793,406
Long Only Hedge Funds	1,771,250,086
Credit Based Commingled Funds	339,237,720
Private Equity Limited Partnerships	4,358,233,062
Real Assets Limited Partnerships	639,108,588
Gifted Life Insurance	2,772,192
Domestic Stocks	519,130,873
Foreign Stocks	22,072,122
Total Other Securities	**9,988,016,792**
Total Investments	**$11,158,911,351**

Total Investments Reconciliation:

	Amount
University Statement of Net Position:	
Short-Term Investments	$467,295,369
Restricted Short-Term Investments	156,019,756
Endowment Investments	3,042,313,675
Other Investments	58,269,537
Subtotal	**3,723,898,337**
Discretely Presented Component Units:	
Investments of UNC Investment Fund Held for Component Units that are Discretely Presented in Accompanying Financial Statements	1,061,208,611
Fiduciary Investments:	
Investments Presented in Accompanying Fiduciary Financial Statements	6,381,215,693
*Assets and Liabilities within Investment Pools:	
Cash and Cash Equivalents	(3,754,343)
Accrued Investment Income Receivable	(3,491,512)
Accounts Receivable - Pending Trade Settlements	(17,290,805)
AP / Accrued Expenses	1,770,749
Reverse Repo Liability	14,164,000
Other Liabilities	1,190,621
Subtotal	**(7,411,290)**
Total Investments	**$11,158,911,351**

*Investments held by the University, its Discretely Presented Component Units, or its beneficiaries, within the Investment Pools discussed in Note 2, are owned and recorded at the participant level. The participant level investment is proportionately equivalent to the Net Assets of the Investment Pools in which each participant invests. Therefore, to reconcile the ownership view to the security level Total Investments table (Note 2) we must eliminate the impact of other assets and other liabilities held within the Investment Pools.

Component Unit — Investments of the University's discretely presented component units, the UNC Health Foundation and The Educational Foundation Scholarship Endowment 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. Because these foundations report under the FASB reporting model, disclosures of the various investment risks are not required. The following is an analysis of investments by type:

Investment Type	Carrying Value
Money Market Funds	9,874,620
Common Stock	7,124,001
Private Equity Limited Partnerships and other Alternatives	45,435,674
Mutual Funds - Equity Oriented	78,965,741
Mutual Funds - Credit Oriented	42,796,902
Annuity Contracts	13,286,596
Government Securities and Corporate Fixed Income	41,244,195
Total Investments	**$238,727,729**

The Old Well.

Note 3 | Fair Value Measurements

University — To the extent available, the University's investments and derivatives are recorded at fair value as of June 30, 2022. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 Investments with inputs — other than quoted prices included within Level 1 — that are observable for an asset or liability, either directly or indirectly.

Level 3 Investments classified as Level 3 have unobservable inputs for an asset or liability and may require a degree of professional judgment.

The following table summarizes the University's proprietary and fiduciary fund investments, including deposits in the Short-Term Investment Fund and the discretely presented component units' portion of the UNC Investment Fund, within the fair value hierarchy at June 30, 2022:

		Fair Value Measurements Using		
Investments by Fair Value Level	**Fair Value**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Debt Securities:				
U.S. Treasuries	$174,542,233	$174,542,233	$0	$0
U.S. Agencies	94,908,460		94,908,460	
Mortgage Pass Throughs	5,240,244		5,240,244	
Collateralized Mortgage Obligations	67,532,398		67,532,398	
Asset-backed Securities	182,575,515		182,575,515	
Debt Mutual Funds	317,186,617	317,186,617		
Money Market Mutual Funds	308,662,803	308,662,803		
Domestic Corporate Bonds	9,364,425		9,364,425	
Foreign Corporate Bonds	10,855,907		10,855,907	
Foreign Government Bonds	25,957		25,957	
Total Debt Securities	**1,170,894,559**	**800,391,653**	**370,502,906**	
Other Securities:				
International Mutual Funds	7,908,392	7,908,392		
Equity Mutual Funds	13,012,512	13,012,512		
Investments in Real Estate	6,402,774			6,402,774
Domestic Stocks	519,130,873	492,124,502	1,121,764	25,884,607
Foreign Stocks	22,072,122	21,896,525	175,597	
Gifted Life Insurance	2,772,192			2,772,192
Real Estate Investment Trust	114,230,590	114,230,590		
Total Other Securities	**685,529,455**	**649,172,521**	**1,297,361**	**35,059,573**
Total Investments by Fair Value Level	**$1,856,424,014**	**$1,449,564,174**	**$371,800,267**	**$35,059,573**

Investments Measured at the Net Asset Value (NAV)	**Fair Value**
Long/Short Hedge Funds	$1,462,150,081
Diversifying Hedge Funds	715,714,394
Hedge Funds in Liquidation	16,793,406
Long Only Hedge Funds	1,771,250,086
Credit Based Commingled Hedge Funds	339,237,720
Private Equity Limited Partnerships	4,358,233,062
Real Assets Limited Partnerships	639,108,588
Total Investments Measured at the NAV	**$9,302,487,337**
Investments as a Position in an External Investment Pool	**Fair Value**
Short-Term Investment Fund	$1,220,987,248
Total Investments Measured at Fair Value	**$12,379,898,599**

Derivative Instruments	**Fair Value**	**Level 1 Inputs**	**Level 2 Inputs**
Hedging Derivative Instruments:			
Pay-Fixed Interest Rate Swaps	($68,532,840)	$0	($68,532,840)
Investment Derivative Instruments:			
Pay-Fixed Interest Rate Swap	(466,976)		(466,976)
U.S. Dollar Equity Futures	(1,190,621)	(1,190,621)	
Total Derivative Instruments	**($70,190,437)**	**($1,190,621)**	**($68,999,816)**

Short-Term Investment Fund — Ownership interests of the STIF are determined on a fair value basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The University's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

Debt and Equity Securities — Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. Domestic stocks classified in Level 2 are valued using cash flow models provided by a pricing and valuation service. Domestic stocks classified in Level 3 of the fair value hierarchy primarily represent equity interests in start-up technology companies and are valued based on 409A valuations or recent valuations from the companies themselves.

Investments in Real Estate — Investments in real estate classified in Level 3 of the fair value hierarchy are valued using a combination of recent appraisals, historical appraisals, or tax assessed value.

Gifted Life Insurance — Gifted Life Insurance policies classified in Level 3 of the fair value hierarchy are valued at the cash surrender value of the policies.

Derivative Instruments — Investment derivatives classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Interest rate swaps in the hedging and investment derivatives categories classified in Level 2 of the fair value hierarchy are valued based on present value using discounted cash flows.

The following table presents the valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) at June 30, 2022.

Investments Measured at the NAV

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)
Long/Short Hedge Funds A(b)	$1,462,150,081	$30,795,103	From 30 days to 3+ Years(1)
Diversifying Hedge Funds A(c)	715,714,394		From 30 days to 3+ Years(1)
Hedge Funds in Liquidation A(e)	16,793,406		From 30 days to 3+ Years(1)
Long Only Equity Hedge Funds A(a)	1,771,250,086		From 30 days to 3+ Years(1)
Credit-Based Commingled Hedge Funds A(d)	339,237,720		From 30 days to 3+ Years(1)
Private Equity Limited Partnerships B	4,358,233,062	1,481,094,608	Not Eligible(2)
Real Assets Limited Partnerships C	639,108,588	648,103,598	Not Eligible(2)
Total Investments Measured at the NAV	**$9,302,487,337**		

(1) Redemption notice periods vary and typically range from 30 days to 180 days.

(2) Typically investors in these funds do not have redemption rights. Rather, they have 10 year terms and make periodic distributions.

A — Hedge Funds

For hedge funds, a combination of the following asset strategies is used:

(a) Long Biased Equity — Long biased equity managers are characterized by managers who adopt an investment strategy to primarily hold long positions in publicly listed equity securities to gain equity market exposure globally. The managers can from time to time use equity index futures, options on equity index futures, and specific risk options.

(b) Long/Short Equity — Long/short equity managers are characterized by a manager's ability to buy and/or sell short individual securities that they believe the market has mispriced relative to their fundamental intrinsic value. The long and short positions are generally independent of one another and typically result in an overall net long exposure to equities. The managers can from time to time use equity index futures, options on equity index futures, and specific risk options.

(c) Diversifying Strategies — Diversifying strategy managers use strategies that tend to be uncorrelated with major equity market indices. Diversifying strategies managers may use derivatives such as fixed income and equity futures both as a hedging tool and to gain exposure to specific markets. They may also enter into various swap agreements to manage exposure to specific securities and markets.

(d) Fixed Income/Credit-Based Commingled Strategies — Fixed income fund managers include credit-based commingled hedge funds and generally use strategies that are focused on income generation and provide diversification to the portfolio. They may use futures and options on global fixed income and currency markets and can enter into various swap agreements. These vehicles are used purely to hedge exposure to a given market or to gain exposure to an illiquid market.

(e) Hedge Funds in Liquidation — Hedge funds in liquidation represent funds that are either in the process of being terminated or have received notice of termination.

B — Private Equity Limited Partnerships

Private equity managers typically invest in equity investments and transactions in private companies (i.e., companies that are not publicly listed on any stock exchange). Private equity investments are illiquid and expected to provide higher returns than public equity investments over the long term, as well as controlling volatility.

The energy subsection of the private equity strategy is primarily used to hedge against unanticipated inflation. This can include direct energy investments, energy security investments, and limited partnerships. The principal attraction of these investments is the lack of correlation with the balance of the portfolio.

C — Real Assets Limited Partnerships

Real estate managers primarily serve as a hedge against unanticipated general price inflation but are also a source of current income. Investments in this area include private portfolio investments focusing on specific niche markets within the real estate sector. Such sectors may include investments in public Real Estate Investment Trusts (REIT's) that provide a more liquid means of gaining exposure to the asset class.

Component Units — Discretely presented component units' financial data are reported in separate financial statements because of their use of different reporting models. Complete financial statements including applicable disclosures for the UNC Health 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.

Note 4 | 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 also appropriate expenditures from eligible nonexpendable 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 nonexpendable 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% and a maximum of 7% of the pooled endowment fund's average fair 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, 2022, accumulated income and appreciation of $1,740,777,234 was available in the University's pooled endowment funds of which $1,466,421,296 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 position.

Note 5 | Receivables

Receivables for the proprietary fund at June 30, 2022, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$11,915,063	$4,891,744	$7,023,319
Patients	262,350,078	134,037,346	128,312,732
Accounts	44,064,631	111,256	43,953,375
Intergovernmental	112,057,054	7,047,176	105,009,878
Pledges	47,321,894	1,975,276	45,346,618
Investment Earnings	327,486		327,486
Interest on Loans	974,925		974,925
Other	1,195,734		1,195,734
Total Current Receivables	**$480,206,865**	**$148,062,798**	**$332,144,067**
Noncurrent Receivables:			
Pledges	**$64,255,204**	**$1,606,380**	**$62,648,824**
Notes Receivable — Current:			
Federal Loan Programs	$1,831,610	$21,312	$1,810,298
Institutional Student Loan Programs	2,172,653	109,592	2,063,061
Total Notes Receivable — Current	**$4,004,263**	**$130,904**	**$3,873,359**
Notes Receivable — Noncurrent:			
Federal Loan Programs	$10,705,497	$95,182	$10,610,315
Self-Help Ventures Fund	3,000,000		3,000,000
Institutional Student Loan Programs	15,801,046	834,637	14,966,409
Total Notes Receivable — Noncurrent	**$29,506,543**	**$929,819**	**$28,576,724**

Pledges are receivable over varying time periods ranging from one to 10 years and have been discounted based on a projected interest rate of 0.28% 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
2023	$47,321,894
2024	21,161,927
2025	17,847,946
2026	15,807,829
2027	8,228,986
2028-2032	1,617,270
Total Pledge Receipts Expected	**111,985,852**
Less Discount Rate Amount Representing Interest (0.28% Rate of Interest)	408,754
Present Value of Pledge Receipts Expected	**111,577,098**
Less Allowance for Doubtful Accounts	3,581,656
Pledges Receivable, Net	**$107,995,442**

Note 6 | Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2022, is presented as follows:

	Balance July 1, 2021 (as restated)	Increases	Decreases	Balance June 30, 2022
Capital Assets, Nondepreciable:				
Land	$70,302,204	$406,403	$0	$70,708,607
Art, Literature, and Artifacts	165,557,994	6,298,227	11,430	171,844,791
Construction in Progress	145,373,665	61,444,218	69,974,388	136,843,495
Other Intangible Assets	2,212,777			2,212,777
Total Capital Assets, Nondepreciable	**383,446,640**	**68,148,848**	**69,985,818**	**381,609,670**
Capital Assets, Depreciable:				
Buildings	3,461,421,672	73,424,115	3,002,560	3,531,843,227
Machinery and Equipment	496,036,415	25,073,510	4,862,716	516,247,209
General Infrastructure	998,349,179	2,079,048		1,000,428,227
Computer Software	121,695,628			121,695,628
Right-to-Use Leased Land	8,269			8,269
Right-to-Use Leased Buildings	117,208,434	6,271,684		123,480,118
Total Capital Assets, Depreciable	**5,194,719,597**	**106,848,357**	**7,865,276**	**5,293,702,678**
Less Accumulated Depreciation/Amortization for:				
Buildings	1,458,357,330	96,495,131	171,813	1,554,680,648
Machinery and Equipment	312,889,663	26,673,807	3,585,053	335,978,417
General Infrastructure	540,201,991	28,632,506		568,834,497
Computer Software	89,805,476	10,726,641		100,532,117
Right-to-Use Leased Land		5,513		5,513
Right-to-Use Leased Buildings		23,649,255		23,649,255
Total Accumulated Depreciation/Amortization	**2,401,254,460**	**186,182,853**	**3,756,866**	**2,583,680,447**
Total Capital Assets, Depreciable, Net	**2,793,465,137**	**(79,334,496)**	**4,108,410**	**2,710,022,231**
Capital Assets, Net	**$3,176,911,777**	**($11,185,648)**	**$74,094,228**	**$3,091,631,901**

Snow on Carolina's bike share program bikes.

Note 7 | Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2022, were as follows:

Accounts Payable and Accrued Liabilities	Proprietary Fund	Fiduciary Fund
Current Accounts Payable and Accrued Liabilities:		
Accounts Payable	$92,761,631	$5,163,278
Accounts Payable - Capital Assets	4,917,863	
Accrued Payroll	91,766,739	
Contract Retainage	1,054,864	
Intergovernmental Payables	20,965,571	
Investment Derivatives Liability	466,976	
Total Current Accounts Payable and Accrued Liabilities	**$211,933,644**	**$5,163,278**
Noncurrent Accounts Payable and Accrued Liabilities		
Contract Retainage	$2,863,791	$0
Other	17,996,399	
Total Noncurrent Accounts Payable and Accrued Liabilities	**$20,860,190**	**$0**

Note 8 | Reverse Repurchase Agreements

Under the University's authority to purchase and sell securities, it has entered into fixed coupon reverse repurchase (reverse repurchase) agreements; that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in value of the securities. If the dealers default on their obligations to resell these securities to the University or provide securities or cash of equal value, the University would suffer an economic loss equal to the difference between the value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. This credit exposure at year-end was $2,770,749.

All sales of investments under reverse repurchase agreements are for fixed terms. In investing the proceeds of reverse repurchase agreements, the University's practice is for the term to maturity of the investment to be the same as the term of the reverse repurchase agreement. The University's investments in the underlying securities and the securities purchased with proceeds from the reverse repurchase agreements are in accordance with the statutory requirements as noted. The interest earnings and interest cost arising from reverse repurchase agreement transactions are reported at gross amounts on the accompanying financial statements.

Note 9 | Short-Term Debt

Short-term debt activity for the year ended June 30, 2022, was as follows:

Commercial Paper Program	
Balance July 1, 2021	$0
Draws	
Repayments	
Balance June 30, 2022	$0

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.

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 under this program to $250,000,000. This resolution does not impact NCSU. Contingent liquidity needs for the entire CP program are provided by the University and supported by a pledge of the University's available funds.

During the fiscal year, the University maintained but did not use its commercial paper program to provide low-cost bridge financing for capital projects with the intent to refinance all or a portion of the funding, through the issuance of long-term bonds. The University began fiscal year 2022 with a zero balance in Commercial Paper, and as of June 30, 2022 the University maintained a zero balance in outstanding Commercial Paper.

Terms of Debt Agreements — Commercial paper balances held by the University are held under the University's General Revenue Pledge (General Revenue 2002A). The General Trust Indenture does not contain any non-standard events of default and is limited to provisions related to failure to pay principal or interest on such obligations. On the occurrence and continuance of an event of default, the Trustee may, or if required by a majority of the owners of the commercial paper, must declare the commercial paper immediately due and payable, whereupon it will, without further action, become due and payable.

Note 10 | Long-Term Liabilities

A — Changes in Long-Term Liabilities

A summary of changes in the long-term liabilities for the year ended June 30, 2022, is presented as follows:

	Balance July 1, 2021 (as restated)	Additions	Reductions	Balance June 30, 2022	Current Portion
Long-Term Debt:					
Revenue Bonds Payable	$1,236,870,000	$0	$26,985,000	$1,209,885,000	$48,965,000
Revenue Bonds from Direct Placements	60,000,000			60,000,000	60,000,000
Plus: Unamortized Premium	38,953,147		1,993,037	36,960,110	
Total Revenue Bonds Payable and Bonds from Direct Placements, Net	**1,335,823,147**		**28,978,037**	**1,306,845,110**	**108,965,000**
Notes from Direct Borrowings	70,067,272		2,870,220	67,197,052	2,495,810
Total Long-Term Debt	**1,405,890,419**		**31,848,257**	**1,374,042,162**	**111,460,810**
Other Long-Term Liabilities:					
Annuities and Life Income Payable	51,852,856	1,778,112	7,286,440	46,344,528	827,358
Leases Payable	117,673,153	6,271,695	21,827,710	102,117,138	21,794,131
Employee Benefits:					
Compensated Absences	204,328,052	130,908,257	129,677,408	205,558,901	11,232,217
Net Pension Liability	379,561,977		225,855,599	153,706,378	
Net Other Postemployment Benefits Liability	1,930,637,269	282,102,357		2,212,739,626	
Workers' Compensation	13,703,501	830,386	1,293,916	13,239,971	2,415,267
Total Other Long-Term Liabilities	**2,697,756,808**	**421,890,807**	**385,941,073**	**2,733,706,542**	**36,268,973**
Total Long-Term Liabilities, Net	**$4,103,647,227**	**$421,890,807**	**$417,789,330**	**$4,107,748,704**	**$147,729,783**

Additional information regarding leases payable is included in Note 12.
Additional information regarding the net pension liability is included in Note 16.
Additional information regarding the net other postemployment benefits liability is included in Note 17.
Additional information regarding worker's compensation is included in Note 18.

B — Revenue Bonds Payable and Bonds from Direct Placements

The University was indebted for revenue bonds payable and bonds from direct placements for the purposes shown in the following table:

Purpose	Series	Interest Rates / Ranges	Final Maturity Date	Original Amount of Issue	Principal Paid Through 6/30/22	Principal Outstanding 6/30/22
General Revenue Bonds Payable:						
	2001B	5.130%*	12/01/2025	$54,970,000	$46,020,000	$8,950,000
	2001C	0.930%*	12/01/2025	54,970,000	46,020,000	8,950,000
	2012B	4.951%*	12/01/2041	100,000,000		100,000,000
	2012C	2.535%-3.596%	12/01/2033	127,095,000	44,650,000	82,445,000
	2014	3.713%-3.847%	12/01/2034	265,600,000	15,600,000	250,000,000
	2016C	1.998%-3.327%	12/01/2036	400,950,000	25,180,000	375,770,000
	2017	2.851%-3.326%	12/01/2038	110,225,000	13,030,000	97,195,000
	2019A	4.421%*	12/01/2041	100,000,000		100,000,000
	2019B	3.890%*	12/01/2034	50,925,000		50,925,000
	2021B	5.000%	12/01/2040	103,525,000		103,525,000
	2021C	0.253%-1.830%	12/01/2031	35,225,000	3,100,000	32,125,000
Total General Revenue Bonds				**1,403,485,000**	**166,615,000**	**1,209,885,000**
General Revenue Bonds from Direct Placements:						
	2012D	2.222%	06/01/2042	30,000,000		30,000,000
	2021A	2.222%	03/01/2051	30,000,000		30,000,000
Total General Revenue Bonds from Direct Placements				**60,000,000**		**60,000,000**
Total Revenue Bonds Payable and Bonds from Direct Placements (principal only)				**$1,463,485,000**	**$193,600,000**	**1,269,885,000**
Plus: Unamortized Premium						36,960,110
Total Revenue Bonds Payable and Bonds from Direct Placements, Net						**$1,306,845,110**

* For variable rate debt, interest rates in effect at June 30, 2022 are included. For variable rate debt with interest rate swaps, the synthetic fixed rates are included.

C — Notes from Direct Borrowings

The University was indebted for notes from direct borrowings for the purposes shown in the following table:

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Paid Through 6/30/22	Principal Outstanding 6/30/22
Real Property Purchase	Bank of America	3.55%	02/14/2025	$9,250,000	$7,736,549	$1,513,451
Real Property Purchase	Nationwide	4.26%	02/01/2037	55,300,000	5,903,656	49,396,344
Real Property Improvements	Nationwide	4.00%	02/01/2037	8,800,000	144,288	8,655,712
Real Property Improvements	The State Life Insurance Company	3.40%	01/01/2036	1,400,000	30,235	1,369,765
Real Property Improvements	The State Life Insurance Company	3.40%	01/01/2036	6,400,000	138,220	6,261,780
Line of Credit	Bank of America	0.00%	04/30/2024	1,313,292	1,313,292	
Total Notes from Direct Borrowings				**$82,463,292**	**$15,266,240**	**$67,197,052**

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" or otherwise "the Corporation", the latter), entered into a loan agreement with Bank of America, N.A. for $45.8 million to fund the acquisition of student housing and rental real property.

In December 2011, Real Estate Holdings formed a new North Carolina limited liability company called Granville Towers, LLC (the Company). Real Estate Holdings is the sole manager and member of the Company and transferred the Granville Towers condominium unit to the single purpose Company (that purpose being to own and operate Granville Towers). On December 15, 2011, the Company obtained a $36.5 million loan from Aviva Life and Annuity Company. The proceeds were used to pay down the original Bank of America $45.8 million loan, decreasing the outstanding balance to $9.3 million.

On February 14, 2014, the Borrowers executed a modification agreement with Bank of America, N.A. with respect to the original loan amount of $45.8 million which had an outstanding balance of $9.3 million. The loan was paid down by $4.3 million, and the remaining $5.0 million was refinanced at a fixed rate of 3.55% for the term with no change to the provision whereby the University Foundation and the Corporation are joint obligors to the Bank. On December 8, 2020, the agreement was further modified to reduce debt service payments to interest only payments for a period of twelve consecutive months ending and not including December 14, 2021. The modification of the loan agreement extended the maturity of the loan to February 14, 2025.

The Granville Towers-University Square financing contains a cross-default provision and two related covenant requirements. The first covenant requires that the Foundation and Holdings shall maintain on a consolidated basis, unrestricted, unencumbered liquid assets of not less than $5,000,000. The second covenant involves the annual calculation of a Cash Flow Coverage Ratio wherein the ratio of Cash Flow is evaluated against the sum of the current portion of long-term debt and the current portion of capitalized lease obligations, plus interest expense on all obligations. The Cash Flow Coverage Ratio maintained must be at least 1.2 as defined above. Additionally, the Foundation shall not have outstanding or incur any direct or contingent liabilities or lease obligations (other than (1) liabilities owed to the Bank, including any borrowings under the Foundation's current line of credit with the Bank (the "Line of Credit"), (2) liabilities with respect to split interest agreements placed with the Borrower, (3) rent and expenses associated with a Permitted Lease, (4) liabilities with respect to accrued operating expenses, and (5) liabilities with respect to the principal amount outstanding under the Refinancing), in excess of $5,000,000 in the aggregate, or become liable for the liabilities of others, without the Bank's written consent.

The balance on the Granville Towers-University Square note was $1.8 million as of June 30, 2021. In fiscal year 2022, the Foundation paid down $0.3 million on the note. A balance of $1.5 million remains on the note as of June 30, 2022.

On January 30, 2017, Granville Towers, LLC obtained a loan from Nationwide Life Insurance Company (the "Lender") in the amount of $55.3 million. The proceeds were used to pay the outstanding principal of $33.5 million Aviva Life and Annuity Company note and related financing expenses. The remaining balance of the proceeds are being used to acquire or improve or protect an interest in real property which interest in real property is the only security for the loan or the fair market value of such interest in real property is at least equal to 80% of the principal amount of the loan.

The principal and interest payments for the note to the Lender are made in two hundred forty (240) consecutive monthly installments, calculated with an amortization period of twenty-five (25) years, the sum of $299,891 paid on the 1st day of March 2017, and on the first day of each month thereafter until the first day of February 2037, on which date the entire balance of principal and interest then unpaid is due and payable. On October 29, 2020 the terms of the loan were amended to reduce debt service payments to interest only payments for a period of eleven consecutive months ending and not including November 1, 2021. The interest rate is calculated at the rate of 4.26% per annum. The loan carries a default rate up to 5.0 percentage points higher than the rate of interest otherwise due. The loan contains a cross-default provision and is secured by a first deed of trust on the Granville Towers Property in addition to certain assignments to include leases, rents, and profits derived from the property and with certain exceptions, carries limited recourse to the University Foundation and Real Estate Holdings.

The balance on Granville Towers note was $50.4 million as of June 30, 2021. In fiscal year 2022, the Foundation paid down $1.0 million on the note. A balance of $49.4 million remains on the note as of June 30, 2022.

The UNC-Chapel Hill Foundation, Inc. (the "Foundation"), part of the University's reporting entity, has a line of credit agreement issued by Bank of America, N.A. to finance the costs of projects approved by the Board of Directors of the Foundation. On November 10, 2016, the Foundation increased the commitment amount of the line of credit from $4.0 million to $7.0 million. On April 30, 2021, the $7.0 million line of credit was amended and renewed, increasing the commitment amount to $10.0 million and extending the structured maturity date. Advances under the line of credit accrue interest at the variable rate of the LIBOR Market Index plus 80 basis points. An unused commitment fee is due each quarter calculated as 24 basis points of the difference between the commitment amount and the average balance outstanding for the quarter and paid in arrears on a quarterly basis. The loan carries a default rate up to 4.0 percentage points higher than the rate of interest otherwise due.

Under the terms of the line of credit, the Foundation shall not incur any additional indebtedness without the prior written consent of the Bank. Once the note for Granville Towers-University Square has been paid in full, the Foundation may incur additional indebtedness of up to $10,000,000, in the aggregate, without the consent of the Bank.

The direct borrowing line of credit contains a cross-default provision and a covenant requirement that the Foundation's Total Unrestricted Net Assets as of the end of each fiscal year shall be at least $15,000,000. Under the line of credit, the principal and accrued but unpaid interest may be declared immediately due and payable upon the terms and conditions as provided in the Line of Credit Agreement in the event of default.

Outstanding draws against the line of credit totaled $1.3 million at June 30, 2021. In fiscal year 2022, the Foundation paid down the balance on the line of credit in full leaving an available balance of $10.0 million at June 30, 2022. The line of credit commitment has a maturity date of April 30, 2024. As of June 30, 2022 there is a zero balance outstanding on the line of credit.

On December 15, 2020, Granville Towers LLC obtained a supplemental loan from Nationwide Life Insurance Company (the "Lender") in the amount of $8.8 million ("Note B") for certain improvements related to HVAC replacement to supplement Note A (described above) on the condition that the Note A loan and Note B loan be cross-defaulted and cross-collateralized. Under condition of the loan, the Note B interest rate was reduced from 4.26% to 4.00% effective December 1, 2021 and the principal and interest due under Note B was reduced from $54,396.07 to $53,181.75 per month beginning with the Note B Principal and Interest Payment Date occurring on January 1, 2022 and continuing through February 1, 2037 whereby all unpaid principal and interest outstanding on the note would become due. As of June 30, 2022 the balance of Note B was $8.7 million.

On December 14, 2020 the Chapel Hill Foundation Real Estate Holdings Inc. as Borrower, in conjunction with the UNC-Chapel Hill Foundation, Inc. as Guarantor obtained two loans totaling $7.8 million from The State Life Insurance Company (Note A for $6.4 million and Note B for $1.4 million, respectively) to finance real estate and certain improvements related to properties held by the Borrower. Both notes carry an interest rate of 3.40% per annum and a combined debt service payment of $31,786 beginning February 1, 2021 and extending to January 1, 2036 at which point any unpaid principal and interest remaining on either loan becomes due and payable. Note A and Note B are secured in part by certain rents generated from a first priority mortgage and second priority mortgage deed of trust on the Carolina Square Project in addition to any and all leases and sums due and payable to the Borrower thereunder including without limitation all rentals, termination fees, sales proceeds, and all other income and profits arising out of the ownership and operation of the property in the event of default. As of June 30, 2022, the balance on Note A was $6.3 million and the balance of Note B was $1.4 million.

Sunset at Kenan Memorial Stadium.

D — Annual Requirements

The annual requirements to pay principal and interest on the long-term obligations at June 30, 2022, are as follows:

	Revenue Bonds			Revenue Bonds from Direct Placements		Notes from Direct Borrowings	
Fiscal Year	**Principal**	**Interest**	**Interest Rates Swaps, Net***	**Principal**	**Interest**	**Principal**	**Interest**
2023	35,235,000	31,796,882	8,112,515	$0	1,333,488	2,495,810	2,718,594
2024	36,050,000	31,121,955	8,032,482		1,333,488	2,598,496	2,615,908
2025	36,930,000	30,383,166	7,948,047		1,333,488	2,505,990	2,509,768
2026	39,780,000	29,545,184	7,859,066		1,333,488	2,203,669	2,414,639
2027	41,375,000	28,568,088	7,828,900		1,333,488	2,297,273	2,321,035
2028-2032	216,345,000	124,040,521	39,144,500		6,667,440	13,036,100	10,055,442
2033-2037	512,260,000	55,383,224	33,696,547		6,667,440	42,059,714	6,476,860
2038-2042	291,910,000	5,236,082	23,558,235	30,000,000	6,611,878		
2043-2047					3,333,720		
2048-2052				30,000,000	2,444,728		
	$1,209,885,000	**$336,075,102**	**$136,180,292**	**$60,000,000**	**$32,392,646**	**$67,197,052**	**$29,112,246**

Interest on the variable rate General Revenue Bonds 2001B is calculated at 0.80% at June 30, 2022.
Interest on the variable rate General Revenue Bonds 2001C is calculated at 0.93% at June 30, 2022.
Interest on the variable rate General Revenue Bonds 2012B is calculated at 1.40% at June 30, 2022.
Interest on the variable rate Bond from Direct Placement held under the General Revenue Bond 2012D is calculated at 2.22% at June 30, 2022.
Interest on the variable rate General Revenue Bonds 2019A is calculated at 1.40% at June 30, 2022.
Interest on the variable rate General Revenue Bonds 2019B is calculated at 1.40% at June 30, 2022.
Interest on the variable rate Bond from Direct Placement held under the General Revenue Bond 2021A is calculated at 2.22% at June 30, 2022.

Interest rates on General Revenue Bonds 2001 Series B and Series C are reset each week by the remarketing agent based upon a combination of the University's credit rating and market conditions.

Interest rate on General Revenue Bonds 2012 Series B is based on 67% of the SOFR index rate plus an interest rate spread of 65 basis points.

Interest rates on General Revenue Bonds 2019 Series A and B are based on 67% of the SOFR index rate plus an interest rate spread of 65 basis points.

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 11 - Derivative Instruments.

*Computed using (5.240%-0.910%) x ($8,950,000 notional amount-annual swap reduction); (4.375%-0.819%) x ($150,000,000 notional amount); and (3.314%-0.819%) x ($100,000,000 notional amount).

The fiscal year 2022 principal requirements exclude demand bonds classified as current liabilities (see Note 10.E).

For the 2012B, 2019A, and 2019B bonds disclosed below, the University entered into standby liquidity agreements in the amount of $100 million with TD Bank, N.A. on September 18, 2019, $100 million with Bank of America, N.A. on September 1, 2018 (amended September 17, 2021), $100 million with Branch Banking and Trust Company (now Truist) on September 19, 2018, and $100 million with TD Bank, N.A. on September 19, 2017. Under each standby liquidity 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 standby liquidity 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 standby liquidity agreement in the amount shown below in the table per annum based on the size of the commitment. If a long-term debt rating assigned by S&P Global Ratings (S&P), Fitch Ratings (Fitch) or Moody's Investors Service (Moody's) is lowered, the facility fee assigned to the 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.

			Facility Fee			
S&P	**Fitch**	**Moody's**	**Bank of America, N.A., amended 9/17/21**	**Branch Banking and Trust Company (now Truist)**	**TD Bank, N.A. dated 9/19/17**	**TD Bank, N.A. dated 9/18/19**
AA+ or higher	AA+ or higher	Aa1 or higher	0.30%	0.30%	0.26%	0.23%
AA	AA	Aa2	0.30%	0.40%	0.31%	0.23%
AA-	AA-	Aa3	0.30%	0.50%	0.36%	0.28%
A+	A+	A1	0.40%	0.60%	0.46%	0.33%
A	A	A2	0.55%	0.70%	0.56%	0.38%
A-	A-	A3	0.75%	0.85%	1.56%	0.48%
BBB+	BBB+	Baa1	Default Pricing***	0.85%	1.56%	0.58%
BBB	BBB	Baa2	Default Pricing***	0.85%	1.56%	0.68%
BBB-	BBB-	Baa3	Default Pricing***	0.85%	1.56%	Base Rate*
Below Investment Grade	Below Investment Grade		Default Pricing***	0.85%	1.56%	Default Rate**

* Per annum rate of interest equal to the greater of (a) the Federal Funds Rate plus 2.00% and (b) the Prime Rate.
** Per annum rate of interest equal to the greater of (a) the Base Rate plus 3.00% and (b) 7.00% or otherwise as permitted under applicable law.
*** An increase of an additional 1.50% over the Facility Fee Rate otherwise in effect immediately prior (Max. 2.25%).

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 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 standby liquidity agreement, draws to purchase bonds will accrue interest at the bank 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 semiannual principal payments on bonds held by the Bank six months after the date of funding.

The standby liquidity agreement with TD Bank, N.A. (dated September 18, 2019), Branch Banking and Trust Company (now Truist), TD Bank, N.A. (dated September 19, 2017), and Bank of America, N.A. (amended September 17, 2021), expire on September 18, 2024, September 19, 2023, September 19, 2022, and September 17, 2025 respectively. These agreements are subject to covenants customary to this type of transaction, including a default provision in the event that the University's long-term bond ratings were lowered to below BBB- for S&P, BBB- for Fitch, and Baa3 for Moody's. At June 30, 2022, no purchase drawings had been made under the standby liquidity agreements. See Note 25 for information on date extensions.

General Revenue, Series 2012B

The 2012B Bond has a maturity date of December 1, 2041. On June 16, 2022 the 2012B Bond was successfully remarketed and received a new index tender date for the new Index Mode of June 1, 2025. The 2012B bond bears interest at the index rate, which is the rate per-annum determined monthly equal to 67.0% of SOFR plus an applicable spread of 0.65% (65 basis points).

The Series 2012B Bond is in Index Mode and is subject to redemption, at the option of the University, in whole or in part, on any business day during the period beginning six months prior to the index tender date, to and including such index tender date, at a redemption price equal to 100% of the principal amount called for redemption, plus accrued interest, if any, to the date of redemption. In addition, and also at the discretion of the University during the period beginning six months prior to the index tender date for such 2012B Bonds, the interest rate can be reset which would trigger a redemption requirement and a remarketing.

If the funds available to purchase the 2012B Bonds tendered on an index tender date are not sufficient to pay the purchase price, a Delayed Remarketing Period will commence on such index tender date and the failure to purchase tendered bonds will not constitute an event of default under the Indentures. The Delayed Remarketing Period will continue to (but not include) the earlier of (a) the date on which all such 2012B Bonds are successfully remarketed or (b) the date on which all of such 2012B Bonds have been deemed to have been paid and are no longer outstanding.

During a Delayed Remarketing Period for a Series of 2012B Bonds, unless the 2012B Bonds of such Series have been remarketed, the 2012B Bonds of such Series shall be subject to special mandatory redemption. Beginning with the first such June 1 or December 1 that occurs not less than six months following the date of commencement of the applicable Delayed Remarketing Period and ending on the sixth June 1 or December 1, the 2012B Bonds shall be repaid in six equal (or as equal as possible) semiannual installments on the special mandatory redemption date established herein. The final installment will be due and payable no later than the sixth special mandatory redemption date after the commencement of the applicable Delayed Remarketing Period.

The Annual Requirements schedule presents the 2012B Bonds as amortizing to full maturity. In the event of a failed remarket, the 2012B bonds would become due in six semiannual payments as set forth in the Delayed Remarketing Period, to be fully paid off in a period of three years after the respective index tender date established herein. Under the failed remarket scenario total principal payments would increase by $33,333,333, $33,333,333, and $33,333,334 in fiscal years 2026, 2027, and 2028, respectively.

General Revenue, Series 2019AB

General Revenue, Series 2019AB
On behalf of the University, the Board of Governors for the University of North Carolina System issued General Revenue Bonds Series 2019AB on February 21, 2019. The 2019A Bonds have a maturity date of December 1, 2041 and the 2019B Bonds carry a mandatory sinking fund redemption in the principal amount of $10,025,000 on December 1, 2033 and have a maturity date of December 1, 2034. On June 16, 2022 the 2019AB bonds were successfully remarketed and received a new index tender date of June 1, 2025 corresponding to an Index Mode. While in this mode, the bonds will bear interest at the index rate, which will be the rate per-annum determined monthly equal to 67.0% of SOFR plus an applicable spread of 0.65% (65 basis points).

In the event of a failed remarket of the 2019AB bonds beyond November 9, 2022, the bond payments would equal $50,308,333, $50,308,333, and $50,308,334 in fiscal years 2026, 2027, and 2028, respectively.

E — 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 legal 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 a seven-day notice and delivery to the University's Remarketing Agents; J.P. Morgan Securities, Inc. (2001B) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (2001C). Effective September 23, 2008, J.P. Morgan Securities, Inc. replaced Lehman Brothers, Inc.

The University entered into standby liquidity agreements in the amount of $100 million with TD Bank, N.A. on September 18, 2019, $100 million with Bank of America, N.A. on September 1, 2018 (amended September 17, 2021), $100 million with Branch Banking and Trust Company (now Truist) on September 19, 2018, and $100 million with TD Bank, N.A. on September 19, 2017. Under each standby liquidity 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 standby liquidity 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 standby liquidity agreement in the amount shown below in the table per annum based on the size of the commitment. If a long-term debt rating assigned by S&P Global (S&P), Fitch Ratings (Fitch) or Moody's Investors Service (Moody's) is lowered, the facility fee assigned to the 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.

			Facility Fee			
S&P	**Fitch**	**Moody's**	**Bank of America, N.A., amended 9/17/21**	**Branch Banking and Trust Company (now Truist)**	**TD Bank, N.A dated 9/19/17**	**TD Bank, N.A. dated 9/18/19**
AA+ or higher	AA+ or higher	Aa1 or higher	0.30%	0.30%	0.26%	0.23%
AA	AA	Aa2	0.30%	0.40%	0.31%	0.23%
AA-	AA-	Aa3	0.30%	0.50%	0.36%	0.28%
A+	A+	A1	0.40%	0.60%	0.46%	0.33%
A	A	A2	0.55%	0.70%	0.56%	0.38%
A-	A-	A3	0.75%	0.85%	1.56%	0.48%
BBB+	BBB+	Baa1	Default Pricing***	0.85%	1.56%	0.58%
BBB	BBB	Baa2	Default Pricing***	0.85%	1.56%	0.68%
BBB-	BBB-	Baa3	Default Pricing***	0.85%	1.56%	Base Rate*
Below Investment Grade	Below Investment Grade		Default Pricing***	0.85%	1.56%	Default Rate**

* Per annum rate of interest equal to the greater of (a) the Federal Funds Rate plus 2.00% and (b) the Prime Rate.
** Per annum rate of interest equal to the greater of (a) the Base Rate plus 3.00% and (b) 7.00% or otherwise as permitted under applicable law.
*** An increase of an additional 1.50% over the Facility Fee Rate otherwise in effect immediately prior (Max. 2.25%).

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 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 standby liquidity agreement, draws to purchase bonds will accrue interest at the bank 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 semiannual principal payments on bonds held by the Bank six months after the date of funding.

The standby liquidity agreement with TD Bank, N.A. (dated September 18, 2019), Branch Banking and Trust Company (now Truist), TD Bank, N.A. (dated September 19, 2017), and Bank of America, N.A. (amended September 17, 2021), expire on September 18, 2024, September 19, 2023, September 19, 2022, and September 17, 2025 respectively. These agreements are subject to covenants customary to this type of transaction, including a default provision in the event that the University's long-term bond ratings were lowered to below BBB- for S&P, BBB- for Fitch, and Baa3 for Moody's. At June 30, 2022, no purchase drawings had been made under the standby liquidity agreements. See Note 25 for information on date extensions.

General Revenue, Series 2012D

On December 14, 2012, the University issued a direct placement bond to be designated "The University of North Carolina at Chapel Hill General Revenue Bond (Kenan Stadium Improvements Phase II), Series 2012D" (the "2012D Bond") to The Educational Foundation, Inc. (the "Owner") in exchange for certain improvements to Kenan Stadium on the University's campus known as "Kenan Stadium Improvements, Phase II - Carolina Student Athlete Center for Excellence". On June 1, 2015, the terms of the 2012D Bond were modified, changing the principal amount to $30.0 million and extending the maturity to June 1, 2042. All other terms listed below remained the same.

Interest will be payable on the 2012D Bond on the maturity date or, if sooner, the prepayment date of the 2012D Bond as permitted under the tender option or the prepayment options as referenced below. The unpaid principal balance of the 2012D Bond, together with all accrued and unpaid interest thereon will be due and payable in full on the maturity date in the event that the tender option or prepayment option is not exercised in advance of the maturity date.

The University shall be responsible for calculating the interest due on the 2012D Bond and reporting such amount to the Owner and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). Payments of principal and interest on the 2012D Bond shall be made directly by the University to the Owner under the terms of the bond documents and the Trustee shall have no responsibility for making such payments. The University shall promptly notify the Trustee in writing of any such payments. Any payments of principal and interest on the 2012D Bond made directly by the University to the Owner of the 2012D Bond will be credited against The Board of Governors of the University of North Carolina's (the "Board") obligation to cause payments to be made with respect to the 2012D Bond to the Debt Service Fund under the General Indenture.

The 2012D Bond may be tendered by the Owner of the 2012D Bond for payment by the University, on behalf of the Board, in whole or in part without premium or penalty on any business day on or after 90 days' prior written notice to the University and the Trustee. The 2012D Bond may be prepaid by the University, on behalf of the Board, in whole or in part without premium or penalty on any business day on or after 90 days' prior written notice to the Owner and the Trustee.

When payment is due at maturity or upon exercise of the tender or prepayment options, the University may use proceeds from a long-term bond issue or proceeds from the issuance of commercial paper at the time of the payment to fund the obligation under the bond.

The unpaid principal balance of the 2012D Bond outstanding from time to time will bear interest at the Adjusted SOFR Rate. "Adjusted SOFR Rate" means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16 of 1%) by adding (1) 30-Day Average SOFR Rate Published by the New York Federal Reserve (calculated and published in arrears and applied forward) plus (2) the spread adjustment of 11 basis points (0.11%) and (3) 1% per annum, which shall be adjusted monthly on the first day of each SOFR interest period; provided, however, for any particular SOFR interest period, the Adjusted SOFR Rate will not be less than 1.4% per annum. As of June 30, 2022, no accrued interest payable remained for the 2012D direct placement bond. With respect to other terms and conditions, this bond is not supported by any other letters of credit or standby liquidity agreements and does not contain any take out agreements.

General Revenue, Series 2021A

On March 24, 2021, the University issued a direct placement bond in the amount of $30 million with maturity date of March 1, 2051, to be designated "The University of North Carolina at Chapel Hill General Revenue Bond (Indoor Practice Facility and Fetzer Field), Series 2021A" (the "2021A Bond") to The Educational Foundation, Inc. (the "Owner") in exchange for certain improvements to the Indoor Practice Facility and Fetzer Field on the University's campus.

Interest will be payable on the 2021A Bond on each July 1st, commencing July 1, 2021, and on the prepayment date of the 2021A Bond as permitted under the tender option or the prepayment options as referenced below. The unpaid principal balance of the 2021A Bond, together with all accrued and unpaid interest thereon will be due and payable in full on the maturity date in the event that the tender option or prepayment option is not exercised in advance of the maturity date.

The University shall be responsible for calculating the interest due on the 2021A Bond and reporting such amount to the Owner and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). Payments of principal and interest on the 2021A Bond shall be made directly by the University to the Owner under the terms of the bond documents and the Trustee shall have no responsibility for making such payments. The University shall promptly notify the Trustee in writing of any such payments. Any payments of principal of and interest on the 2021A Bond made directly by the University to the Owner of the 2021A Bond will be credited against The Board of Governors of the University of North Carolina's (the "Board") obligation to cause payments to be made with respect to the 2021A Bond to the Debt Service Fund under the General Indenture.

The 2021A Bond may be tendered by the Owner of the 2021A Bond for payment by the University, on behalf of the Board, in whole or in part without premium or penalty on any business day on or after 90 days prior written notice to the University and the Trustee. The 2021A Bond may be prepaid by the University, on behalf of the Board, in whole or in part without premium or penalty on any business day on or after 90 days prior written notice to the Owner and the Trustee. When payment is due at maturity or upon exercise of the tender or prepayment options, the University may use proceeds from a long-term bond issue or proceeds from the issuance of Commercial Paper at the time of the payment to fund the obligation under the bond.

The unpaid principal balance of the 2021A Bond outstanding from time to time will bear interest at the Adjusted SOFR Rate. "Adjusted SOFR Rate" means a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/16 of 1%) by adding (1) 30-Day Average SOFR Rate published by the New York Federal Reserve (calculated and published in arrears and applied forward) plus (2) the spread adjustment of 11 basis points (0.11%) and (3) 1% per annum, which shall be adjusted monthly on the first day of each SOFR interest period; provided, however, for any particular SOFR interest period, the Adjusted SOFR Rate will not be less than 1.4% per annum. As of June 30, 2022, no accrued interest payable remained for the 2021A direct placement bond.

With respect to other terms and conditions, this bond is not supported by any other letters of credit or standby liquidity agreements and does not contain any take out agreements.

F — Terms of Debt Agreements

The University's debt agreements are subject to the following collateral requirements and terms with finance-related consequences:

Revenue Bonds Payable — Bonds held by the University to include General Revenue 2001BC, General Revenue 2012BC, General Revenue 2014, General Revenue 2016C, General Revenue 2017, General Revenue 2019AB, and General Revenue 2021BC are all held under the University's General Revenue Pledge. The General Trust Indenture does not contain any non-standard events of default and is limited to provisions related to failure to pay principal, premium or interest on such obligations. On the occurrence and continuance of an event of default, the Trustee may, or if required by a majority of the owners of the bonds, must, declare the bonds immediately due and payable, whereupon they will, without further action, become due and payable.

Revenue Bonds from Direct Placements — On December 14, 2012, the University issued a direct placement bond to be designated "The University of North Carolina at Chapel Hill General Revenue Bond (Kenan Stadium Improvements Phase II), Series 2012D" (the "2012D Bond") to The Educational Foundation, Inc. (the "Owner") in exchange for certain improvements to Kenan Stadium on the University's campus known as "Kenan Stadium Improvements, Phase II — Carolina Student Athlete Center for Excellence".

On March 24, 2021, the University issued a direct placement bond to be designated "The University of North Carolina at Chapel Hill General Revenue Bond (Indoor Practice Facility and Fetzer Field), Series 2021A" (the "2021A Bond") to The Educational Foundation, Inc. (the "Owner") in exchange for certain improvements to the Indoor Practice Facility and Fetzer Field on the University's campus.

The 2012D and 2021A Bonds may be tendered by the Owner of the Bond for payment by the University, on behalf of the Board, in whole or in part without premium or penalty on any business day on or after 90 days prior written notice to the University and the Trustee. The 2012D and 2021A Bonds are held under the University's General Revenue Pledge. The General Trust Indenture does not contain any non-standard events of default and is limited to provisions related to failure to pay principal, premium or interest on such obligations. On the occurrence and continuance of an event of default, the Trustee may, or if required by a majority of the owners of the bonds, must, declare the bonds immediately due and payable, whereupon they will, without further action, become due and payable.

Notes from Direct Borrowings — The Granville Towers-University Square financing contains a cross-default provision and two related covenant requirements. The first covenant requires that the Foundation and Holdings shall maintain on a consolidated basis, unrestricted, unencumbered liquid assets of not less than $5,000,000. The second covenant involves the annual calculation of a Cash Flow Coverage Ratio wherein the ratio of Cash Flow is evaluated against the sum of the current portion of long-term debt and the current portion of capitalized lease obligations, plus interest expense on all obligations. The Cash Flow Coverage Ratio maintained must be at least 1.2 as defined above. Additionally, The Foundation shall not have outstanding or incur any direct or contingent liabilities or lease obligations (other than (1) liabilities owed to the Bank, including any borrowings under the Foundation's current line of credit with the Bank (the "Line of Credit"), (2) liabilities with respect to split interest agreements placed with the Borrower, (3) rent and expenses associated with a Permitted Lease, (4) liabilities with respect to accrued operating expenses, and (5) liabilities with respect to the principal amount outstanding under the Refinancing), in excess of $5,000,000 in the aggregate, or become liable for the liabilities of others, without the Bank's written consent. In the event of default and upon declaration by the bank the balance of the loan as well as any accrued but unpaid interest would become immediately due and payable. The loan carries a default rate up to 4.0 percentage points higher than the rate of interest otherwise due.

The Granville Towers loan contains a cross-default provision and is secured by a first deed of trust on the Granville Towers Property in addition to certain assignments to include leases, rents, and profits derived from the property and with certain exceptions, carries limited recourse to the University Foundation and Real Estate Holding. The carrying value of the Granville Towers Property at June 30, 2022 was $53,850,914. In the event of default and upon declaration by the bank the balance of the loan as well as any accrued but unpaid interest would become immediately due and payable. The interest rate is calculated at the rate of 4.26 percent per annum. The loan carries a default rate up to 5.0 percentage points higher than the rate of interest otherwise due.

The UNC-Chapel Hill Foundation, Inc. (the "Foundation"), part of the University's reporting entity, has an unused line of credit in the amount of $10.0 million. Under the terms of the line of credit, the Foundation shall not incur any additional indebtedness without the prior written consent of the Bank. Once the note payable for Granville Towers-University Square has been paid in full, the Foundation may incur additional indebtedness beyond the line of credit of up to $10,000,000, in the aggregate, without the consent of the Bank.

The direct borrowing line of credit contains a cross-default provision and a covenant requirement that the Foundation's Total Unrestricted Net Assets as of the end of each fiscal year shall be at least $15,000,000. Under the line of credit, the principal and accrued but unpaid interest may be declared immediately due and payable upon the terms and conditions as provided in the Line of Credit Agreement in the event of default. The loan carries a default rate up to 4.0 percentage points higher than the rate of interest otherwise due.

On December 15, 2020, Granville Towers LLC obtained a loan in the amount of $8.8 million ("Note B") for certain improvements related to HVAC replacement to supplement Note A on the condition that the Note A loan and Note B loan be cross-defaulted and cross-collateralized.

On December 14, 2020 the Chapel Hill Foundation Real Estate Holdings Inc. as Borrower, in conjunction with the UNC-Chapel Hill Foundation, Inc. as Guarantor obtained two loans totaling $7.8 million. Note A and Note B are secured in part by certain rents generated from a first priority mortgage and second priority mortgage deed of trust on the Carolina Square Project in addition to any and all leases and sums due and payable to the Borrower thereunder including without limitation all rentals, termination fees, sales proceeds, and all other income and profits arising out of the ownership and operation of the property in the event of default.

G — Annuities Payable

The University participates in irrevocable 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 are calculated using the 2012 IAR mortality table, thus taking into consideration beneficiary's age and the amount of the gift.

Note 11 | Derivative Instruments

Derivative instruments held at June 30, 2022 are as follows:

		Change in Value		Value at June 30, 2022	
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	$16,165,272	Hedging Derivative Liability	($16,039,435)
Pay-Fixed Interest Rate Swap	150,000,000	Deferred Outflow of Resources	34,281,739	Hedging Derivative Liability	(52,493,405)
Total			**50,447,011**		**(68,532,840)**
Investment Derivative Instruments:					
Pay-Fixed Interest Rate Swap 2001B Bonds	7,740,000	Investment Income	729,242	Accounts Payable	(466,976)
U.S. Dollar Equity Futures	142,106,250	Investment Income	(23,632,815)	Other Liabilities	(1,190,621)
Total			**($22,903,573)**		**($1,657,597)**

Hedging derivative instruments held at June 30, 2022 are as follows:

Type	Objective	National Amount	Effective Date	Maturity Date	Terms
Pay-Fixed Interest Rate Swap	Hedge Changes in Cash Flows on Variable-Rate Debt	$100,000,000	12/1/2007	12/1/2036	Pay 3.314%, Receive 67% of SOFR + 7.4 basis points
Pay-Fixed Interest Rate Swap	Hedge Changes in Cash Flows on Variable-Rate Debt	$150,000,000	12/1/2011	12/1/2041	Pay 4.375%, Receive 67% of SOFR + 7.4 basis points

The fair values of interest rate swaps at the University were provided by a financial advisor. The method used by the financial advisor calculates the future net settlement payments required by the swap and assumes 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 on hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Hedging Derivative Risks

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, 2022. The fair values are calculated as of June 30, 2022 and are based on the implied forward rate for 67% of SOFR plus 7.4 basis points, which trended up in fiscal year 2022 relative to fiscal year 2021. As a result, the fair values have increased on a year over year basis, which decreases the liability.

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 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.

Investment Derivative Risks

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 $466,976 as of June 30, 2022. The negative fair value may be countered by a reduction in total interest paid under the variable-rate bonds, creating lower synthetic interest rates. As forward rates rise, the fair value of the swap will increase and as rates fall, the fair 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, 2022, SIFMA was 0.91%. The interest rate swap has a notional amount of $7,740,000 and matures November 1, 2025.

Note 12 | Leases

The University's leasing arrangements at June 30, 2022 are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Receivable (Liability) June 30, 2022	Current Portion	Lease Terms (as of July 1, 2021)	Interest Rate Ranges
Lessor:					
Land	2	$11,158,763	$717,672	3 years - 93 years	3.25%-6.25%
Buildings	12	949,965	281,245	1 year - 9 years	3.25%
Total	**14**	**$12,108,728**	**$998,917**		
Lessee:					
Right-to-Use Buildings	129	($102,117,138)	($21,794,131)	1 year - 13 years	3.25%
Total	**129**	**($102,117,138)**	**($21,794,131)**		

A — Lease Receivable

As of July 1, 2021, the University recorded fourteen lease agreements that allow a third-party use of University-owned real estate in compliance with GASB Statement No. 87, Leases. An initial lease receivable was recorded in the amount of $12,895,486, and as of June 30, 2022, the value of the lease receivable was $12,108,728.

The University recognized $1,195,407 in lease revenue and $683,211 in interest revenue during the current fiscal year related to leases.

Measurement of the lease receivable excluded the following variable payment amounts: the increase or decrease in payments after the initial measurement of the lease receivable that depend on changes in the Consumer Price Index (CPI).

B — Lease Liability

As of July 1, 2021, the University recorded several lease agreements as lessee for the use of real estate in compliance with GASB Statement No. 87, Leases. An initial lease liability was recorded in the amount of $117,673,153, and as of June 30, 2022, the value of the lease liability was $102,117,138.

Future principal and interest lease payments as of June 30, 2022 were as follows:

Fiscal Year	Principal	Interest	Total
2023	$21,794,131	$2,997,034	$24,791,165
2024	20,145,622	2,306,831	22,452,453
2025	18,102,885	1,681,580	19,784,465
2026	15,154,273	1,129,039	16,283,312
2027	12,867,938	682,979	13,550,917
2028-2032	13,628,198	582,453	14,210,651
2033-2037	424,091	17,458	441,549
Total	**$102,117,138**	**$9,397,374**	**$111,514,512**

Note 13 | Net Position

Unrestricted net position has been significantly affected by transactions resulting from the recognition of deferred outflows of resources, deferred inflows of resources, and related long-term liabilities, as shown in the following table:

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	($186,601,066)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(2,414,878,143)
Effect on Unrestricted Net Position	**(2,601,479,209)**
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	1,653,837,458
Total Unrestricted Net Position	**($947,641,751)**

See Notes 16 and 17 for detailed information regarding the amortization of the deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

Note 14 | Revenues

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

Operating Revenues	Gross Revenues	Less Scholarship Discounts and Allowances	Less Allowance for Uncollectibles	Less Indigent Care and Contractual Adjustments	Net Revenues
Student Tuition and Fees, Net	**$608,352,195**	**$143,460,201**	**$768,542**	**$0**	**$464,123,452**
Patient Services, Net	**$1,337,356,690**	**$0**	**$10,202,167**	**$755,806,268**	**$571,348,255**
Sales and Services:					
Sales and Services of Auxiliary Enterprises	$436,735,633	$13,014,950	$0	$0	$423,720,683
Other Sales and Services	84,580,310				84,580,310
Total Sales and Services, Net	**$521,315,943**	**$13,014,950**			**$508,300,993**
Nonoperating Revenues — Noncapital Contributions, Net	**$343,504,282**	**$0**	**$261,864**	**$0**	**$343,242,418**

Note 15 | Operating Expenses by Function

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

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation / Amortization	Total
Instruction	$575,500,495	$171,062,710	$0	$148,572	$0	**$746,711,777**
Research	365,131,818	301,181,437		287,593		**666,600,848**
Public Service	69,736,151	71,835,422		128,442		**141,700,015**
Academic Support	81,910,248	41,556,809		73,666		**123,540,723**
Student Services	21,806,974	13,052,528		22,437		**34,881,939**
Institutional Support	145,642,968	71,187,037		125,793		**216,955,798**
Operations and Maintenance of Plant	43,600,295	11,627,177		71,659,316		**126,886,788**
Student Financial Aid			132,926,511			**132,926,511**
Auxiliary Enterprises	503,644,465	425,994,428		10,460,225		**940,099,118**
Depreciation/ Amortization					186,182,853	**186,182,853**
Total Operating Expenses	**$1,806,973,414**	**$1,107,497,548**	**$132,926,511**	**$82,906,044**	**$186,182,853**	**$3,316,486,370**

Included in the scholarship and fellowship function are student financial aid operating expenses for emergency financial aid payments to eligible students. These payments are for expenses related to the disruption of campus operations due to the coronavirus of $28,364,503 provided by the Higher Education Emergency Relief Fund (HEERF). Because of the administrative involvement by the University in providing the student awards, the related program activity is reported as nonoperating Federal Aid – COVID-19 revenue and student financial aid operating expenses. Since the purpose of the student aid is not for educational or scholarship purposes, they do not affect the scholarship discounting adjustments reported in Note 14.

Note 16 | Pension Plans

A — Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools that elect to join the Retirement System. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of membership service, at age 60 with 25 years of membership service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of membership service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The University's contractually-required contribution rate for the year ended June 30, 2022 was 16.38% of covered payroll. Plan members' contributions to the pension plan were $31,572,867 and the University's contributions were $86,193,928 for the year ended June 30, 2022.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2021 Annual Comprehensive Financial Report. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the TSERS plan, and additions to/deductions from the TSERS plan's fiduciary net position have been determined on the same basis as they are reported by TSERS.

Methods Used to Value TSERS Investment: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, the Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the *2021 Annual Comprehensive Financial Report.*

Net Pension Liability: At June 30, 2022, the University reported a liability of $153,706,378 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. The University's proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the University's proportion was 3.28250%, which was an increase of 0.14095 from its proportion measured as of June 30, 2020, which was 3.14155%.

Actuarial Assumptions: The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation Date	12/31/20
Inflation	2.5%
Salary Increases*	3.25%–8.05%
Investment Rate of Return**	6.5%

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return includes inflation assumption and is net of pension plan investment expense.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuations were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016 and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.3%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2020 valuation. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2021 calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

Net Pension Liability	Amount
1% Decrease (5.5%)	$515,589,103
Current Discount Rate (6.5%)	$153,706,378
1% Increase (7.5%)	($147,108,881)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2022, the University recognized pension expense of $45,716,541. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$8,640,032	$3,490,840
Changes of Assumptions	57,656,916	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		190,444,118
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	9,036,333	486,939
Contributions Subsequent to the Measurement Date	86,193,928	
Total	**$161,527,209**	**$194,421,897**

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That Will be Recognized in Pension Expense

Year Ending June 30:	Amount
2023	($15,961,116)
2024	(20,279,706)
2025	(24,439,350)
2026	(58,408,444)
Total	**($119,088,616)**

B — Defined Contribution Plan

The Optional Retirement Program (ORP) is a defined contribution pension plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and staff of the University may join the ORP instead of TSERS. The ORP is administered by the UNC System.

Benefits are provided by means of contracts issued and administered by the privately-operated Teachers' Insurance and Annuity Association and Fidelity Investments. Participants' eligibility and contributory requirements are established in General Statute 135-5.1 and may be amended only by the North Carolina General Assembly. Participants are always fully vested in their own contributions to the plan and their investment earnings. Participants are fully vested in the University's contributions and earnings after five years of participating in the ORP.

Participants contribute 6% of compensation and the University contributes 6.84%. For the current fiscal year, the University had a total payroll of $1,547,766,600, of which $792,009,476 was covered under ORP. Total employee and employer contributions for pension benefits for the year were $47,520,569 and $54,173,448, respectively. The amount of expense recognized in the current year related to ORP is equal to the employer contributions less forfeitures of $5,030,636.

Note 17 | Other Postemployment Benefits

The University participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2021 Annual Comprehensive Financial Report. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

A — Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The financial statements of these plans were prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of each plan, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

Methods Used to Value Plan Investments: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan of North Carolina is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the *2021 Annual Comprehensive Financial Report.*

B — Plan Descriptions

1. Health Benefits

Plan Administration: The State of North Carolina administers the North Carolina State Health Plan for Teachers and State Employees, referred to as the State Health Plan (the Plan), a healthcare plan exclusively for the benefit of employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs), charter schools, and some select local governments that are not part of the State's financial reporting entity also participate. Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Plan Board of Trustees.

The Retiree Health Benefit Fund (RHBF) has been established by Chapter 135-7, Article 1 of the General Statutes as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of eligible former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

By statute, RHBF is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System (TSERS). RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the Plan. The State Treasurer, with the approval of the Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the Plan.

Benefits Provided: Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 18. The plan options change when former employees become eligible for Medicare. The benefits provided include medical and pharmacy coverage for employees and their dependents. Non-Medicare eligible members have two self-funded options administered by the State Health Plan while Medicare members have three options, including one self-funded option and two fully-insured Medicare Advantage/Prescription Drug Plan options. Self-funded medical and pharmacy claims costs are shared between the covered member and the State Health Plan. If the self-funded plan is elected by a Medicare eligible member, the coverage is secondary to Medicare. Fully-insured claims include cost sharing from covered members with the remaining balance paid by the fully-insured carrier.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System, the Legislative Retirement System, the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with five but less than 10 years of retirement service credit are eligible for coverage on a fully contributory basis.

Section 35.21 (c) & (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amends Chapter 135, Article 3B of the General Statutes to require that retirees must earn contributory retirement service in the Teachers' and State Employees' Retirement System (or in an allowed local system unit), the Consolidated Judicial Retirement System, or the Legislative Retirement System prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. The University's contractually-required contribution rate for the year ended June 30, 2022 was 6.29% of covered payroll. The University's contributions to the RHBF were $82,916,285 for the year ended June 30, 2022.

In fiscal year 2021, the State Health Plan (the Plan) transferred $187.0 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2022, the University recognized noncapital contributions for RHBF of $13,384,263.

2. Disability Income

Plan Administration: As discussed in Note 18, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer, defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain participating component units and LEAs which are not part of the reporting entity, and the University Employees' ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

Benefits Provided: Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the University Employees' ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing five years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of $3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than $10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the North Carolina General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2022 was 0.09% of covered payroll. The University's contributions to DIPNC were $1,186,402 for the year ended June 30, 2022.

C — Net OPEB Liability (Asset)

Net OPEB Liability: At June 30, 2022, the University reported a liability of $2,212,739,626 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2021. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the University's proportion was 7.15736%, which was an increase of 0.19781 from its proportion measured as of June 30, 2020, which was 6.95955%.

Net OPEB Asset: At June 30, 2022, the University reported an asset of $1,157,640 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2021. The University's proportion of the net OPEB asset was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2021, the University's proportion was 7.08730%, which was a decrease of 0.00529 from its proportion measured as of June 30, 2020, which was 7.09259%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/20	12/31/20
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.0%
Healthcare Cost Trend Rate — Medical	6% grading down to 5% by 2026	6% grading down to 5% by 2026
Healthcare Cost Trend Rate — Prescription Drug	9.5% grading down to 5% by 2030	9.5% grading down to 5% by 2030
Healthcare Cost Trend Rate — Medicare Advantage	5%	N/A
Healthcare Cost Trend Rate — Administrative	3%	3%

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return is net of pension plan investment expense, including inflation.
N/A — Not Applicable

The OPEB plans currently use mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer) and health status (i.e. disabled or not disabled). The current mortality rates are based on published tables and studies that cover significant portions of the U.S. public plan population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The projected long-term investment returns and inflation assumptions are developed through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2021 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.3%.

Actuarial valuations of the plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The results of the valuations fluctuate from year to year as actual experience differs from assumptions. This includes demographic experiences (i.e., mortality and retirement) that differ from expected. This also includes financial experiences (i.e., member medical costs and contributions) that vary from expected trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used for RHBF are consistent with those used to value the pension benefits of TSERS where appropriate. These assumptions are based on the most recent pension valuations available. The discount rate used for RHBF reflects a pay-as-you-go approach.

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. Historically, the benefits have been funded solely by employer contributions applied equally to all retirees. Currently, as described earlier in the note, benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used in the December 31, 2020 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as the long-term investment return, medical claims, and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate: The discount rate used to measure the total OPEB liability for RHBF was 2.16% at June 30, 2021 compared to 2.21% at June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments to current plan members. As a result, a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer

20-year General Obligation Index as of June 30, 2021.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents the University's proportionate share of the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

RHBF	
1% Decrease (1.16%)	$2,632,022,444
Current Discount Rate (2.16%)	$2,212,739,626
1% Increase (3.16%)	$1,873,168,933

DIPNC	
1% Decrease (2.00%)	($730,913)
Current Discount Rate (3.00%)	($1,157,640)
1% Increase (4.00%)	($1,552,402)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

RHBF	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Medical	4.0–5.0%	5.0–6.0%	6.0–7.0%
Pharmacy	4.0–8.5%	5.0–9.5%	6.0–10.5%
Med. Advantage	4.0%	5.0%	6.0%
Administrative	2.0%	3.0%	4.0%
RHBF Net OPEB Liability	**$1,791,946,496**	**$2,212,739,626**	**$2,770,962,047**

DIPNC	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Medical	4.0–5.0%	5.0–6.0%	6.0–7.0%
Pharmacy	4.0–8.5%	5.0–9.5%	6.0–10.5%
Administrative	2.0%	3.0%	4.0%
DIPNC Net OPEB Asset	**($1,269,477)**	**($1,157,640)**	**($1,081,876)**

OPEB Expense: For the fiscal year ended June 30, 2022, the University recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	($84,964,939)
DIPNC	2,522,279
Total OPEB Expense	**($82,442,660)**

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Employer Balances of Deferred Outflows of Resources Related to OPEB by Classification

	RHBF	DIPNC	Total
Difference Between Actual and Expected Experience	$13,063,694	$2,951,648	**$16,015,342**
Changes of Assumptions	180,983,050	203,264	**181,186,314**
Net Difference Between Projected and Actual Earnings on Plan Investments		112,972	**112,972**
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	164,667,774		**164,667,774**
Contributions Subsequent to the Measurement Date	82,916,285	1,186,402	**84,102,687**
Total	**$441,630,803**	**$4,454,286**	**$446,085,089**

Employer Balances of Deferred Inflows of Resources Related to OPEB by Classification

	RHBF	DIPNC	Total
Difference Between Actual and Expected Experience	$41,189,385	$0	**$41,189,385**
Changes of Assumptions	537,743,820	420,277	**538,164,097**
Net Difference Between Projected and Actual Earnings on Plan Investments	1,131,906		**1,131,906**
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	63,704,209	225,420	**63,929,629**
Total	**$643,769,320**	**$645,697**	**$644,415,017**

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in OPEB Expense

Year Ending June 30:	RHBF	DIPNC
2023	($264,852,008)	$734,224
2024	(38,462,561)	493,114
2025	5,719,457	646,624
2026	(25,173,527)	313,099
2027	37,713,837	109,127
Thereafter		325,999
Total	**($285,054,802)**	**$2,622,187**

Note 18 | 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. There have been no significant reductions in insurance coverage from the previous year and 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 $2,000,000 per claim, and $10,000,000 annual aggregate through contracts with private insurance companies. The State provides a secondary excess public officers' and employees' liability insurance with a $5,000,000 annual aggregate. 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 is exposed to various risks of loss related to, without limitation, torts, theft of assets, and errors and omissions. The 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, certain 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 all risk coverage on all state owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Fire and lightning 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, such as housing units or athletic facilities, 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 Dishonesty 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% of each loss less a $100,000 deductible.

Statewide Workers' Compensation Program — 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 Faculty Physicians (UNC Faculty Physicians), 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, 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 UNC Hospitals. Only UNC Faculty Physicians 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, 2021 through June 30, 2022, 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 ended June 30, 2022, 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, 2022, University assets in the Trust Fund totaled $17,784,065, while University liabilities totaled $17,996,399 resulting in net position of ($212,334).

Carolina graduation gown.

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, 5221 Paramount Parkway, Suite 230, Morrisville, NC 27650.

State Health Plan — University employees 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 is funded by employer and employee contributions. The Plan has contracted with third parties to process claims. See Note 17, Other Postemployment Benefits, for additional information regarding retiree health benefits.

Death Benefit Plan of North Carolina — Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

Disability Income Plan — Short-term and long-term disability benefits are provided to University employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the University for up to twelve months. The Board of Trustees of the DIPNC may extend the short-term disability benefits for up to an additional twelve months. During the extended period of short-term disability benefits, payments are made directly by the DIPNC to the beneficiary. As discussed in Note 17, long-term disability benefits are payable as other postemployment benefits from DIPNC after the conclusion of the short term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

Other Insurance Held by the University — 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, and study abroad health insurance.

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

Note 19 | Commitments and Contingencies

A — Commitments

The University has established an encumbrance system to track its outstanding commitments on construction projects. Outstanding commitments on construction contracts were $40,970,056 at June 30, 2022.

The UNC Investment Fund has entered into agreements with hedge funds, private equity limited partnerships, and real assets 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, 2022, the UNC Investment Fund had approximately $2,149,313,729 in unfunded committed capital. There was also unfunded committed capital related to other private equity investments outside of the UNC Investment Fund noted above in the amount of $10,679,580 as of June 30, 2022.

B — Pending Litigation and Claims

The University is a party to litigation and claims in the ordinary course of its operations. For litigation and claims wherein it is not possible to predict the ultimate outcome, no provision for any liability has been made in the financial statements. University management is of the opinion 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 June 30, 2022 are as follows:

Purpose	Amount
Pledges to Permanent Endowments	$42,868,376

Note 20 | Related Parties

There are 12 separately incorporated nonprofit 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, UNC Eshelman School of Pharmacy Foundation, The School of Media and Journalism Foundation of North Carolina, Inc., The University of North Carolina at Chapel Hill Public Health Foundation, Incorporated, UNC Law 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 position, or operational transactions of these organizations, except amounts reported within the fiduciary statements and support from each organization to the University. This support totaled $29,560,549 for the year ended June 30, 2022. The University had receivables from and payables to the related parties of $5,664,905 and $736,390 respectively, as of June 30, 2022.

Note 21 | Investment in Joint Ventures

The University is a member of the Southern Observatory for Astronomical Research Consortium (SOAR), a joint venture accounted for under the equity method and valued at $10,694,412. The University is partners with Michigan State University, U.S. National Optical Astronomy Observatory, and the Ministry of Science and Technology of the Federal Republic of Brazil. SOAR designed, constructed, and now operates a 4.1-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% 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.

The University is a member of the Carolina Vascular Access Center, a joint venture accounted for under the equity method and valued at $587,240. The University is partners with Capital Nephrology and Durham Nephrology and has a 40.0% share. This joint venture provides dialysis services to patients in Orange, Durham and Wake counties. The audited financial statements for the joint venture may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

The University is a member of the Carolina Behavioral Health Alliance, a joint venture accounted for under the equity method, valued at $435,911. The University is partners with Wake Forest Baptist Medical Center and East Carolina University and has a 33.3% share. The joint venture specializes in managed mental health benefit plans serving the Winston-Salem and Charlotte areas. The audited financial statements for the joint venture may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270 or by calling (919) 962-1370.

The University is a member of Qura Therapeutics, a joint venture accounted for under the equity method and valued at $2,388,838. The University entered into this joint-venture, an equal partnership agreement, in May 2015 with GSK. In mid-October 2018 GSK transferred their shares to ViiV Healthcare. The terms and conditions of the May 2015 agreement remain the same. The University and ViiV, through Qura Therapeutics, provides financial and material support to the partnership. The audited financial statements for the joint venture may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

The University is a member of TRO Ventures, LLC, a joint venture accounted for under the equity method and valued at $2,158,539. The University is partners with UNC Hospitals and Rex Healthcare, Inc. The University has a 31.85% share of TRO Ventures, LLC. The joint venture provides radiation therapy services to patients in Raleigh and Wake County, North Carolina and the surrounding areas. The audited financial statements may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

The University is a member of WR Imaging, LLC, a joint venture accounted for under the equity method and valued at $1,461,400. The University is partners with Rex Healthcare, Inc. The University has a 2.0% share of WR Imaging, LLC. The joint venture provides outpatient imaging services to patients in Wake County and surrounding areas, and through the engagement of professional clinical services provided by the University's School of Medicine Department of Radiology. The audited financial statements may be obtained from the University Controller's Office, Campus Box 1270, Chapel Hill, NC 27599-1270, or by calling (919) 962-1370.

Note 22 | Blended Component Units

Condensed combining information for the University's blended component units for the year ended June 30, 2022, is presented as follows:

Condensed Statement of Net Position - Proprietary Funds
June 30, 2022

	UNC-CH	UNC-CH Foundation, Inc.	Kenan-Flagler Business School Foundation	Other Blended Component Units*	Eliminations	Total
Assets:						
Current Assets	$2,118,195,436	$55,314,701	$82,314,129	$44,099,535	$0	$2,299,923,801
Capital Assets, Net	2,966,457,192	116,368,176		8,806,533		3,091,631,901
Other Noncurrent Assets	2,515,913,324	631,274,894	177,547,711	53,253,771	(19,062,249)	3,358,927,451
Total Assets	**7,600,565,952**	**802,957,771**	**259,861,840**	**106,159,839**	**(19,062,249)**	**8,750,483,153**
Total Deferred Outflows of Resources	**684,711,013**					**684,711,013**
Liabilities:						
Current Liabilities	519,389,033	8,390,015	33,582	15,793,496		543,606,126
Long-Term Liabilities, Net	3,820,337,434	125,083,283		14,598,204		3,960,018,921
Other Noncurrent Liabilities	99,501,105	19,062,249		4,902,190	(19,062,249)	104,403,295
Total Liabilities	**4,439,227,572**	**152,535,547**	**33,582**	**35,293,890**	**(19,062,249)**	**4,608,028,342**
Total Deferred Inflows of Resources	**843,623,361**	**26,551,853**				**870,175,214**
Net Position:						
Net Investment in Capital Assets	1,577,168,859	47,401,476		2,740,350		1,627,310,685
Restricted — Nonexpendable	579,963,538	239,609,385	159,116,871			978,689,794
Restricted — Expendable	1,912,258,569	281,269,252	98,148,842	6,955,219		2,298,631,882
Unrestricted	(1,066,964,934)	55,590,258	2,562,545	61,170,380		(947,641,751)
Total Net Position	**$3,002,426,032**	**$623,870,371**	**$259,828,258**	**$70,865,949**		**$3,956,990,610**

*Other Blended Component Units include UNC Management Company, Inc., WUNC Public Radio, LLC, HVPV Holdings, LLC, and Carolina Research Ventures, LLC.

Investments of the blended component units specified in the above table include investments held by those units within the Chapel Hill Investment Fund, UNC Investment Fund, and the UNC Intermediate Pool blended component units. Investments held by the University, its blended component units, discretely presented component units, or its beneficiaries, within these investment pool blended component units, are owned and recorded at the participant level in the unit which holds the investment. The participant level investment is proportionately equivalent to the net assets of the investment pools in which each participant invests. Therefore, the total net assets of the Chapel Hill Investment Fund, UNC Investment Fund, and the UNC Intermediate Pool are not shown explicitly in separate columns above but are reflected in the blended units that hold the investments, in discretely presented component units' financial statements, or in the fiduciary financial statements.

The Old Well.

Condensed Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	UNC-CH	UNC-CH Foundation, Inc.	Kenan-Flagler Business School Foundation	Other Blended Component Units*	Eliminations	Total
Operating Revenues:						
Student Tuition and Fees, Net	$456,123,452	$0	$8,000,000	$0	$0	$464,123,452
Grants and Contracts	1,019,720,178					1,019,720,178
Sales and Services, Net	1,033,756,819	15,242,625		30,649,804		1,079,649,248
Other Operating Revenues	9,247,980			1,421,378	(96,645)	10,572,713
Total Operating Revenues	**2,518,848,429**	**15,242,625**	**8,000,000**	**32,071,182**	**(96,645)**	**2,574,065,591**
Operating Expenses:						
Operating Expenses	3,077,254,902	12,460,646	7,311,774	33,276,195		3,130,303,517
Depreciation/Amortization	183,549,088	1,896,634		737,131		186,182,853
Total Operating Expenses	**3,260,803,990**	**14,357,280**	**7,311,774**	**34,013,326**		**3,316,486,370**
Operating Income (Loss)	**(741,955,561)**	**885,345**	**688,226**	**(1,942,144)**	**(96,645)**	**(742,420,779)**
Nonoperating Revenues (Expenses):						
Investment Income (Loss), Net	(93,109,208)	22,277,973	6,245,478	997,390		(63,588,367)
Other, Net	1,031,342,107	(18,233,980)	11,842,700	7,446,051	457,790	1,032,854,668
Net Nonoperating Revenues (Expenses)	**938,232,899**	**4,043,993**	**18,088,178**	**8,443,441**	**457,790**	**969,266,301**
Income Before Other Revenues	**196,277,338**	**4,929,338**	**18,776,404**	**6,501,297**	**361,145**	**226,845,522**
Capital Contributions	40,433,302					40,433,302
Additions to Endowments	20,950,010	16,876,740	2,313,879		(361,145)	39,779,484
Total Other Revenues (Expenses)	**61,383,312**	**16,876,740**	**2,313,879**		**(361,145)**	**80,212,786**
Increase in Net Position	**257,660,650**	**21,806,078**	**21,090,283**	**6,501,297**		**307,058,308**
Net Position:						
Net Position, July 1, 2021, as Restated	**2,744,765,382**	**602,064,293**	**238,737,975**	**64,364,652**		**3,649,932,302**
Net Position, June 30, 2022	**$3,002,426,032**	**$623,870,371**	**$259,828,258**	**$70,865,949**		**$3,956,990,610**

*Other Blended Component Units include UNC Management Company, Inc., WUNC Public Radio, LLC, HVPV Holdings, LLC, and Carolina Research Ventures, LLC.

Condensed Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	UNC-CH	UNC-CH Foundation, Inc.	Kenan-Flagler Business School Foundation	Other Blended Component Units*	Total
Net Cash Provided (Used) by Operating Activities	($766,325,865)	($16,390,806)	$694,911	$6,632,415	($775,389,345)
Net Cash Provided by Noncapital Financing Activities	1,155,906,743	10,755,424	20,333,291	2,013,000	1,189,008,458
Net Cash Used by Capital and Related Financing Activities	(145,205,396)	(10,868,882)		(470,123)	(156,544,401)
Net Cash Provided (Used) by Investing Activities	(16,650,039)	11,693,880	1,396,564	(3,276,511)	(6,836,106)
Net Increase (Decrease) in Cash and Cash Equivalents	**227,725,443**	**(4,810,384)**	**22,424,766**	**4,898,781**	**250,238,606**
Cash and Cash Equivalents, July 1, 2021	1,005,816,536	57,717,050	37,476,261	30,945,518	1,131,955,365
Cash and Cash Equivalents, June 30, 2022	**$1,233,541,979**	**$52,906,666**	**$59,901,027**	**$35,844,299**	**$1,382,193,971**

* Other Blended Component Units include UNC Management Company, Inc., WUNC Public Radio, LLC, HVPV Holdings, LLC, and Carolina Research Ventures, LLC.

Note 23 | Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2022, the University implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 87, Leases

GASB Statement No. 93, Replacement of Interbank Offered Rates

GASB Statement No. 99, Omnibus 2022

GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 93 addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR) for derivative instruments, leases, and other agreements in which variable payments made or received depend on an IBOR.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Note 24 | Net Position Restatement

As of July 1, 2021, the University implemented GASB Statement No. 87, Leases. Net position was not restated due to the implementation; however, assets and liabilities were restated as a result of the implementation. See Note 6 and Note 12 for details on the restated balances related to capital assets and lease liability, respectively.

Note 25 | Subsequent Event

The University extended the $100 million standby liquidity facility with Bank of America, N.A. that was scheduled to expire on September 19, 2022 so as to provide continuous liquidity coverage. The extended liquidity facility carries a five-year term with a new expiration date of September 19, 2027. See Note 10D and Note 10E for additional details regarding this agreement.

Required Supplementary Information

Table of Contents

Required Supplementary Information — Defined Benefit Pension Plan

Schedule of the Proportionate Share of the Net Pension Liability Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan

Last nine fiscal years*

Teachers' and State Employees' Retirement System	2022	2021	2020	2019	2018
Proportionate Share Percentage of Collective Net Pension Liability	3.28%	3.14%	3.18%	3.18%	3.12%
Proportionate Share of TSERS Collective Net Pension Liability	$153,706,378	$379,561,977	$329,223,453	$316,120,760	$247,539,484
Covered Payroll	$505,923,105	$506,075,117	$507,759,996	$498,130,872	$480,647,184
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	30.38%	75.00%	64.84%	63.46%	51.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.86%	85.98%	87.56%	87.61%	89.51%

Teachers' and State Employees' Retirement System	2017	2016	2015	2014
Proportionate Share Percentage of Collective Net Pension Liability	3.09%	3.12%	3.22%	3.20%
Proportionate Share of TSERS Collective Net Pension Liability	$284,334,716	$115,061,832	$37,801,432	$194,278,679
Covered Payroll	$460,471,749	$451,281,663	$457,366,996	$460,281,538
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	61.75%	25.50%	8.27%	42.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.32%	94.64%	98.24%	90.60%

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27, as amended.

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

Schedule of University Contributions Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan

Last ten fiscal years

Teachers' and State Employees' Retirement System	2022	2021	2020	2019	2018
Contractually Required Contribution	$86,193,928	$74,775,435	$65,637,943	$62,403,703	$53,698,508
Contributions in Relation to the Contractually Determined Contribution	86,193,928	$74,775,435	$65,637,943	$62,403,703	$53,698,508
Contribution Deficiency (Excess)					
Covered Payroll	$526,214,456	$505,923,105	$506,075,117	$507,759,996	$498,130,872
Contributions as a Percentage of Covered Payroll	16.38%	14.78%	12.97%	12.29%	10.78%

Teachers' and State Employees' Retirement System	2017	2016	2015	2014	2013
Contractually Required Contribution	$47,968,589	$42,133,165	$41,292,272	$39,745,192	$38,341,452
Contributions in Relation to the Contractually Determined Contribution	$47,968,589	$42,133,165	$41,292,272	$39,745,192	$38,341,452
Contribution Deficiency (Excess)					
Covered Payroll	$480,647,184	$460,471,749	$451,281,663	$457,366,996	$460,281,538
Contributions as a Percentage of Covered Payroll	9.98%	9.15%	9.15%	8.69%	8.33%

Note: Changes of benefit terms, methods, and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the pension RSI tables.

Notes to Required Supplementary Information — Defined Benefit Pension Plan

Schedule of University Contributions Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan

For the Fiscal Year Ended June 30, 2022

Teachers' and State Employees' Retirement System	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	1.00%	N/A	N/A

Beginning in fiscal year 2015, with the implementation of GASB Statement No. 68, the above table reflects Cost of Living Increases (COLA's) in the period of the legislative session of Board of Trustees meeting when it was passed. The COLA is effective July 1 of that period and the fiscal year end liability is affected at June 30 of that year because the COLA is included in the actuarial assumptions used to calculate the plan net pension liability.

Effective July 1, 2017, the definition of law enforcement officer related to TSERS members was changed by the General Assembly to include Probation/Parole officers for retirement benefit purposes. The change includes officers with respect to service rendered on or after July 1, 2017 and provides for unreduced retirement at age 55 with five years of service as a law enforcement officer or reduced retirement at 50 with 15 years of service as a law enforcement officer.

Effective July 1, 2017, retirees and beneficiaries of deceased retirees receiving benefits from the TSERS as of July 1, 2016 received a 1% cost-of-living adjustment. Retirees and beneficiaries of retirees with retirement effective dates between July 1, 2016 and before June 30, 2017 received a prorated amount. These benefit enhancements reflect legislation enacted by the North Carolina General Assembly.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results. See Note 16 for more information on the specific assumptions for each plan. The actuarially determined contributions for those items with covered payroll were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Board of Trustees of the Teachers' and State Employees' Retirement System adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience.

The discount rate for the Teachers' and State Employees' Retirement System was lowered from 7.00% to 6.50% effective for the December 31, 2020 valuation, with the resulting effect on minimum actuarially determined employer contribution rates (or amounts) to be gradually recognized over a five-year period beginning July 1, 2022.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina's 2021 Annual Comprehensive Financial Report.

N/A - Not Applicable

Required Supplementary Information — Defined Benefit OPEB Plans

Schedule of the Proportionate Share of the Net OPEB Liability or Asset Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans

Last six fiscal years*

Retiree Health Benefit Fund	2022	2021	2020	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability	7.16%	6.96%	6.91%	6.76%	6.36%	7.25%
Proportionate Share of Collective Net OPEB Liability	$2,212,739,626	$1,930,637,269	$2,186,043,474	$1,926,872,329	$2,085,455,588	$3,153,296,023
Covered Payroll	$1,246,160,097	$1,236,582,485	$1,205,200,371	$1,145,860,475	$1,091,925,969	$1,058,316,661
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	177.56%	156.13%	181.38%	168.16%	190.99%	297.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.72%	6.92%	4.40%	4.40%	3.52%	2.41%

Disability Income Plan of North Carolina	2022	2021	2020	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Asset	7.09%	7.09%	6.92%	6.91%	6.81%	6.66%
Proportionate Share of Collective Net OPEB Asset	$1,157,640	$3,489,129	$2,987,331	$2,100,172	$4,162,076	$4,163,127
Covered Payroll	$1,246,160,097	$1,236,582,485	$1,205,200,371	$1,145,860,475	$1,091,925,969	$1,058,316,661
Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	0.09%	0.28%	0.25%	0.18%	0.38%	0.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	105.18%	115.57%	113.00%	108.47%	116.23%	116.06%

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended.

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

Schedule of University Contributions Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans

Last ten fiscal years

Retiree Health Benefit Fund	2022	2021	2020	2019	2018
Contractually Required Contribution	$82,916,285	$83,243,495	$80,006,887	$75,566,063	$69,324,559
Contributions in Relation to the Contractually Determined Contribution	$82,916,285	$83,243,495	$80,006,887	$75,566,063	$69,324,559
Contribution Deficiency (Excess)					
Covered Payroll	$1,318,223,933	$1,246,160,097	$1,236,582,485	$1,205,200,371	$1,145,860,475
Contributions as a Percentage of Covered Payroll	6.29%	6.68%	6.47%	6.27%	6.05%

Retiree Health Benefit Fund	2017	2016	2015	2014	2013
Contractually Required Contribution	$63,440,899	$59,265,733	$55,554,649	$53,247,759	$51,582,373
Contributions in Relation to the Contractually Determined Contribution	$63,440,899	$59,265,733	$55,554,649	$53,247,759	$51,582,373
Contribution Deficiency (Excess)					
Covered Payroll	$1,091,925,969	$1,058,316,661	$1,011,924,390	$986,069,611	$973,252,321
Contributions as a Percentage of Covered Payroll	5.81%	5.60%	5.49%	5.40%	5.30%

Disability Income Plan of North Carolina	2022	2021	2020	2019	2018
Contractually Required Contribution	$1,186,402	$1,121,544	$1,236,582	$1,687,281	$1,604,205
Contributions in Relation to the Contractually Determined Contribution	$1,186,402	$1,121,544	$1,236,582	$1,687,281	$1,604,205
Contribution Deficiency (Excess)					
Covered Payroll	$1,318,223,933	$1,246,160,097	$1,236,582,485	$1,205,200,371	$1,145,860,475
Contributions as a Percentage of Covered Payroll	0.09%	0.09%	0.10%	0.14%	0.14%

Disability Income Plan of North Carolina	2017	2016	2015	2014	2013
Contractually Required Contribution	$4,149,319	$4,339,098	$4,148,890	$4,338,706	$4,282,310
Contributions in Relation to the Contractually Determined Contribution	$4,149,319	$4,339,098	$4,148,890	$4,338,706	$4,282,310
Contribution Deficiency (Excess)					
Covered Payroll	$1,091,925,969	$1,058,316,661	$1,011,924,390	$986,069,611	$973,252,321
Contributions as a Percentage of Covered Payroll	0.38%	0.41%	0.41%	0.44%	0.44%

Note: Changes of benefit terms, methods, and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the pension RSI tables.

Notes to Required Supplementary Information — Defined Benefit OPEB Plans

Schedule of University Contributions Cost-Sharing, Multi-Employer Defined Benefit OPEB Plans
For the fiscal year ended June 30, 2022

Changes of Benefit Terms: Effective January 1, 2016, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for three of five options of the Retiree Health Benefit Fund (RHBF). Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2017, benefit terms related to copays, coinsurance maximums, out-of-pocket maximums, and deductibles were changed for two of five options of the RHBF. Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2019, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for one of four options of the RHBF. Out-of-pocket maximums increased while certain specialist copays decreased related to option benefits.

University of North Carolina class ring.

Effective January 1, 2020, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for the 70/30 PPO option of the RHBF. Only the copays were adjusted for 80/20 PPO option of the RHBF.

Effective January 1, 2021, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

Additionally, the December 31, 2017 Disability Income Plan of North Carolina (DIPNC) actuarial valuation includes a liability for the State's potential reimbursement of health insurance premiums paid by employers during the second six months of the short-term disability benefit period.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months preceding the date of the valuation results for the RHBF. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the DIPNC. See Note 17 for more information on the specific assumptions for each plan. The actuarially determined contributions were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Boards of Trustees of the Teachers' and State Employees' Retirement System and the Committee on Actuarial Valuation of Retired Employees' Health Benefits adopted a number of new actuarial assumptions and methods for the RHBF and the

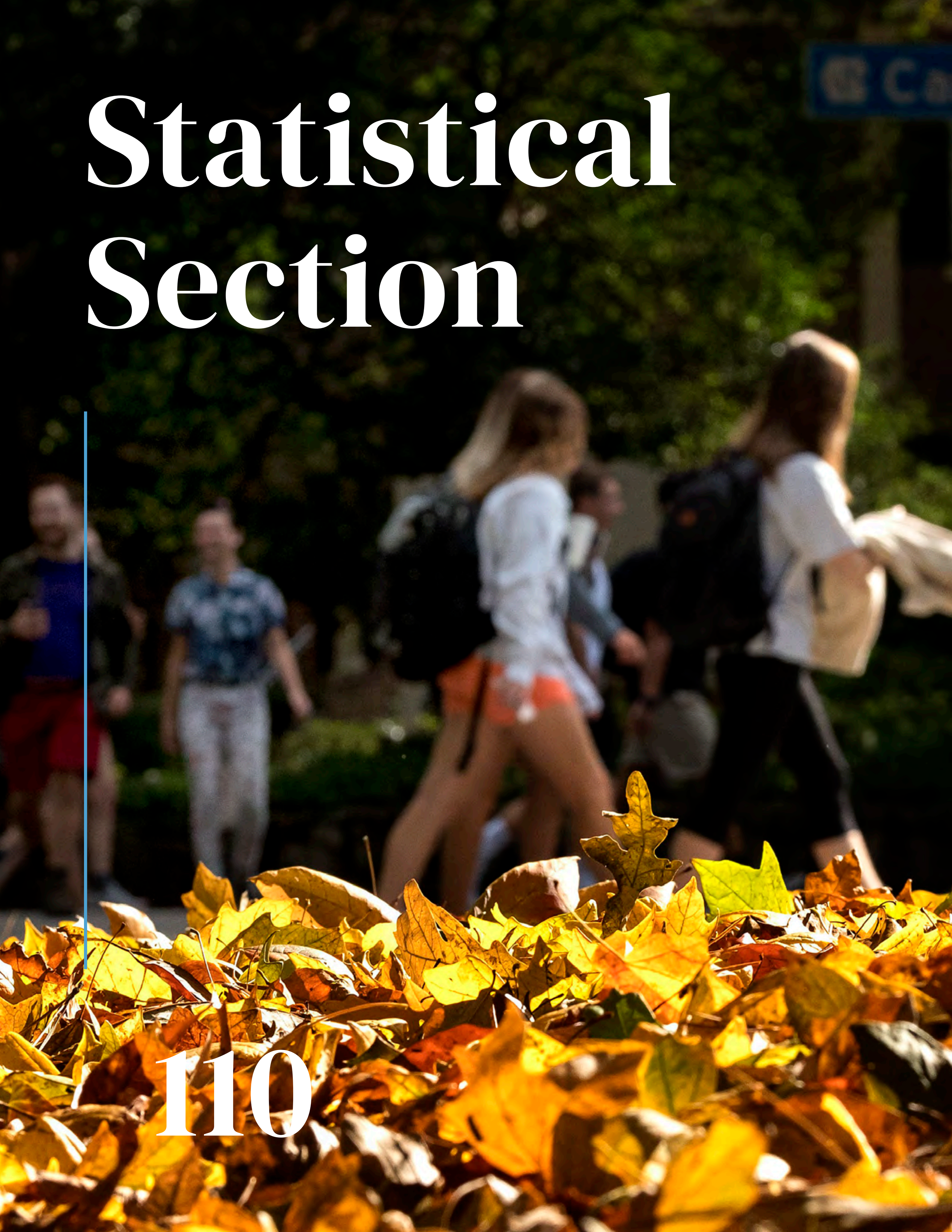
Fans rush Franklin Street following the NCAA semifinal game between Carolina and Duke University, April 2, 2022.

DIPNC. The most notable changes to the assumptions include updates to the mortality tables and mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience.

Consistent with the prior year, for the actuarial valuation measured as of June 30, 2021, the discount rate for the RHBF was updated to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. In 2020, disability rates were adjusted to the non-grandfathered assumptions used in the Teachers and State Employees' Retirement System actuarial valuation to better align with the anticipated incidence of disability. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next four years. For the DIPNC actuarial valuation as of December 31, 2018, for individuals who may become disabled in the future, the Social Security disability income benefit (which is an offset to the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of the disability. The assumed costs related to the Patient Protection and Affordable Care Act regarding the Health Insurance Provider Fee for the fully insured plans and Excise Tax were removed when those pieces were repealed in December 2019 and first recognized in the 2020 OPEB report.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina's 2021 *Annual Comprehensive Financial Report*.

Statistical Section



Statistical Section

Table of Contents

Financial Trends

Net Position by Component

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
				(as restated)	(as restated)
Net Investment in Capital Assets	$1,627,311	$1,656,473	$1,682,287	$1,728,392	$1,675,469
Restricted, Nonexpendable	978,690	949,848	913,926	874,644	877,981
Restricted, Expendable	2,298,632	2,381,550	1,509,141	1,539,160	1,444,331
Unrestricted	(947,642)	(1,337,939)	(1,835,440)	(1,884,102)	(2,146,402)
Total Net Position	**$3,956,991**	**$3,649,932**	**$2,269,914**	**$2,258,094**	**$1,851,379**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
	(as restated)	(as restated)		(as restated)	
Net Investment in Capital Assets	$1,653,505	$1,655,895	$1,686,949	$1,694,842	$1,632,515
Restricted, Nonexpendable	824,210	787,682	773,548	724,605	702,225
Restricted, Expendable	1,554,230	1,372,533	1,453,008	1,390,715	1,193,821
Unrestricted	(2,420,876)	763,370	753,407	766,194	972,888
Total Net Position	**$1,611,069**	**$4,579,480**	**$4,666,912**	**$4,576,356**	**$4,501,449**

Net Position by Component

Last ten fiscal years | Expressed as a percent of the total

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
				(as restated)	(as restated)
Net Investment in Capital Assets	41.1	45.4	74.1	76.5	90.5
Restricted, Nonexpendable	24.7	26.0	40.3	38.7	47.4
Restricted, Expendable	58.1	65.2	66.5	68.2	78.0
Unrestricted	(23.9)	(36.6)	(80.9)	(83.4)	(115.9)
Total Net Position	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
	(as restated)	(as restated)		(as restated)	
Net Investment in Capital Assets	102.6	36.2	36.2	37.1	36.3
Restricted, Nonexpendable	51.2	17.2	16.6	15.8	15.6
Restricted, Expendable	96.5	30.0	31.1	30.4	26.5
Unrestricted	(150.3)	16.6	16.1	16.7	21.6
Total Net Position	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Changes in Net Position

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Operating Revenues:					
Student Tuition and Fees, Net	$464,123	$412,072	$400,349	$424,391	$438,405
Patient Services, Net	571,348	545,210	491,045	506,766	481,877
Federal Grants and Contracts	833,459	763,623	722,462	710,288	711,778
State and Local Grants and Contracts	13,390	13,091	15,207	12,172	12,754
Nongovernmental Grants and Contracts	172,871	182,500	149,674	143,681	113,974
Sales and Services, Net	508,301	397,369	435,061	488,582	447,932
Interest Earnings on Loans	1,304	952	7,504	1,548	2,928
Lease Income	1,195				
Other Operating Revenues	8,074	5,117	5,691	8,580	6,776
Total Operating Revenues	**2,574,065**	**2,319,934**	**2,226,993**	**2,296,008**	**2,216,424**
Operating Expenses:					
Salaries and Benefits	1,806,973	1,812,296	1,802,250	1,716,743	1,730,164
Supplies and Services	1,107,498	963,510	1,018,615	1,013,233	960,108
Scholarships and Fellowships	132,927	121,920	106,483	88,821	131,467
Utilities	82,905	79,241	81,722	89,640	84,287
Depreciation and Amortization	186,183	159,181	179,718	142,244	138,401
Total Operating Expenses	**3,316,486**	**3,136,148**	**3,188,788**	**3,050,681**	**3,044,427**
Operating Loss	**(742,421)**	**(816,214)**	**(961,795)**	**(754,673)**	**(828,003)**
Nonoperating Revenues (Expenses):					
State Appropriations	587,593	537,409	534,766	543,274	518,231
State Aid — COVID-19	17,481	47,968			
Student Financial Aid	42,736	44,207	44,316	43,301	40,338
Federal Aid — COVID-19	91,507	28,824	5,834		
Noncapital Contributions, Net	343,242	399,820	314,963	273,852	271,818
Investment Income (Loss), Net	(63,588)	1,099,206	95,460	206,536	292,215
Interest and Fees on Debt	(50,915)	(51,189)	(51,302)	(51,052)	(53,540)
Federal Interest Subsidy on Debt	95	2,143	2,143	2,132	2,123
Interest Earned on Leases	683				
Other Nonoperating Revenues (Expenses)	432	(25,499)	(11,388)	102,418	(64,522)
Net Nonoperating Revenues	**969,266**	**2,082,889**	**934,792**	**1,120,461**	**1,006,663**
Income (Loss) Before Other Revenues	**226,845**	**1,266,675**	**(27,003)**	**365,788**	**178,660**
Capital Appropriations			1,452	4,060	9,038
Capital Contributions	40,434	78,871	20,628	62,823	17,149
Additions to Endowments	39,780	34,472	16,743	27,540	22,101
Increase (Decrease) in Net Position	**$307,059**	**$1,380,018**	**$11,820**	**$460,211**	**$226,948**

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Total Revenues	$3,674,460	$4,592,854	$3,263,298	$3,561,944	$3,389,437
Total Expenses	3,367,401	3,212,836	3,251,478	3,101,733	3,162,489
Increase (Decrease) in Net Position	**$307,059**	**$1,380,018**	**$11,820**	**$460,211**	**$226,948**

Changes in Net Position (Continued)

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
Operating Revenues:		(as restated)		(as restated)	
Student Tuition and Fees, Net	$426,856	$405,808	$395,005	$361,771	$348,049
Patient Services, Net	442,460	416,811	323,700	312,054	291,277
Federal Grants and Contracts	643,953	639,351	716,564	707,514	587,220
State and Local Grants and Contracts	19,600	29,433	17,227	37,613	41,471
Nongovernmental Grants and Contracts	147,670	160,714	106,762	158,133	132,506
Sales and Services, Net	427,270	416,013	461,580	458,458	429,243
Interest Earnings on Loans	1,432	1,450	1,167	823	730
Lease Income					
Other Operating Revenues	14,962	17,632	9,280	2,872	8,198
Total Operating Revenues	**2,124,203**	**2,087,212**	**2,031,285**	**2,039,238**	**1,838,694**
Operating Expenses:					
Salaries and Benefits	1,697,183	1,544,504	1,505,426	1,622,395	1,435,472
Supplies and Services	973,323	939,646	1,074,939	1,032,609	811,214
Scholarships and Fellowships	123,739	122,816	119,453	112,450	104,557
Utilities	79,081	83,711	88,373	85,157	83,265
Depreciation and Amortization	140,085	136,572	136,493	130,438	117,968
Total Operating Expenses	**3,013,411**	**2,827,249**	**2,924,684**	**2,983,049**	**2,552,476**
Operating Loss	**(889,208)**	**(740,037)**	**(893,399)**	**(943,811)**	**(713,782)**
Nonoperating Revenues (Expenses):					
State Appropriations	500,212	493,923	479,186	482,728	515,121
State Aid — COVID-19					
Student Financial Aid	15,992	19,607	36,232	18,622	18,011
Federal Aid — COVID-19					
Noncapital Contributions, Net	297,754	199,412	243,662	220,027	232,431
Investment Income (Loss), Net	267,070	(50,950)	195,407	258,372	191,969
Interest and Fees on Debt	(56,960)	(62,561)	(67,459)	(66,217)	(70,118)
Federal Interest Subsidy on Debt	2,116	2,118	2,107	2,109	2,174
Interest Earned on Leases					
Other Nonoperating Revenues (Expenses)	(42,929)	27,520	32,631	(6,162)	(1,600)
Net Nonoperating Revenues	**983,255**	**629,069**	**921,766**	**909,479**	**887,988**
Income (Loss) Before Other Revenues	**94,047**	**(110,968)**	**28,367**	**(34,332)**	**174,206**
Capital Appropriations	12,869	8,767	1,600	4,313	2,285
Capital Contributions	20,786	8,997	40,892	47,571	67,359
Additions to Endowments	16,968	12,428	19,697	25,609	23,953
Increase (Decrease) in Net Position	**$144,670**	**($80,776)**	**$90,556**	**$43,161**	**$267,803**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
		(as restated)		(as restated)	
Total Revenues	$3,257,970	$2,859,984	$3,082,699	$3,098,589	$2,891,998
Total Expenses	3,113,300	2,940,760	2,992,143	3,055,428	2,624,195
Increase (Decrease) in Net Position	**$144,670**	**($80,776)**	**$90,556**	**$43,161**	**$267,803**

Changes in Net Position (Continued)

Last ten fiscal years | Expressed as a percent of total revenues / total expenses

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Operating Revenues:					
Student Tuition and Fees, Net	12.6	9.0	12.3	11.9	12.9
Patient Services, Net	15.5	11.9	15.0	14.2	14.2
Federal Grants and Contracts	22.9	16.5	22.1	20.2	21.0
State and Local Grants and Contracts	0.4	0.3	0.5	0.3	0.4
Nongovernmental Grants and Contracts	4.7	4.0	4.6	4.0	3.4
Sales and Services, Net	13.8	8.7	13.3	13.7	13.2
Interest Earnings on Loans	0.0	0.0	0.2	0.0	0.1
Lease Income	0.0	0.0	0.0	0.0	0.0
Other Operating Revenues	0.2	0.1	0.2	0.2	0.2
Total Operating Revenues	**70.1**	**50.5**	**68.2**	**64.5**	**65.4**
Operating Expenses:					
Salaries and Benefits	53.7	56.4	55.4	57.2	54.7
Supplies and Services	32.9	30.0	31.3	33.8	30.4
Scholarships and Fellowships	3.9	3.8	3.3	3.0	4.2
Utilities	2.5	2.5	2.5	3.0	2.7
Depreciation and Amortization	5.5	5.0	5.5	4.7	4.4
Total Operating Expenses	**90.3**	**68.3**	**97.7**	**85.7**	**89.8**
Operating Loss	**(20.2)**	**(17.8)**	**(29.5)**	**(21.2)**	**(24.4)**
Nonoperating Revenues (Expenses):					
State Appropriations	16.0	11.7	16.4	15.3	15.3
State Aid — COVID-19	0.5	1.0	0.0	0.0	0.0
Student Financial Aid	1.2	1.0	1.4	1.2	1.2
Federal Aid — COVID-19	2.5	0.6	0.2	0.0	0.0
Noncapital Contributions, Net	9.4	8.7	9.7	7.7	8.0
Investment Income (Loss), Net	(1.7)	23.9	2.9	5.8	8.6
Interest and Fees on Debt	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)
Federal Interest Subsidy on Debt	0.0	0.0	0.1	0.1	0.1
Interest Earned on Leases	0.0	0.0	0.0	0.0	0.0
Other Nonoperating Revenues (Expenses)	0.0	(0.6)	(0.3)	2.9	2.0
Net Nonoperating Revenues	**26.4**	**45.4**	**28.7**	**31.5**	**29.7**
Income (Loss) Before Other Revenues	**6.2**	**27.6**	**(0.8)**	**10.3**	**5.3**
Capital Appropriations	0.0	0.0	0.0	0.1	0.3
Capital Contributions	1.1	1.6	0.7	1.7	0.4
Additions to Endowments	1.1	0.8	0.5	0.8	0.7
Increase (Decrease) in Net Position	**8.4**	**30.0**	**0.4**	**12.9**	**6.7**

Changes in Net Position (Continued)

Last ten fiscal years | Expressed as a percent of total revenues / total expenses

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
Operating Revenues:		(as restated)		(as restated)	
Student Tuition and Fees, Net	13.1	14.2	12.8	11.7	12.0
Patient Services, Net	13.6	14.6	10.5	10.1	10.1
Federal Grants and Contracts	19.8	22.4	23.2	22.8	20.4
State and Local Grants and Contracts	0.6	1.0	0.6	1.2	1.4
Nongovernmental Grants and Contracts	4.5	5.6	3.5	5.1	4.6
Sales and Services, Net	13.1	14.5	15.0	14.8	14.8
Interest Earnings on Loans	0.0	0.1	0.0	0.0	0.0
Lease Income	0.0	0.0	0.0	0.0	0.0
Other Operating Revenues	0.5	0.6	0.3	0.1	0.3
Total Operating Revenues	**65.2**	**73.0**	**65.9**	**65.8**	**63.6**
Operating Expenses:					
Salaries and Benefits	54.5	54.0	50.9	53.1	54.7
Supplies and Services	31.3	32.8	36.3	33.8	30.9
Scholarships and Fellowships	4.0	4.3	4.0	3.7	4.0
Utilities	2.5	2.9	3.0	2.8	3.2
Depreciation and Amortization	4.5	4.8	4.6	4.3	4.5
Total Operating Expenses	**92.5**	**98.9**	**94.9**	**96.3**	**88.3**
Operating Loss	**(27.3)**	**(25.9)**	**(29.0)**	**(30.5)**	**(24.7)**
Nonoperating Revenues (Expenses):					
State Appropriations	15.4	17.3	15.5	15.6	17.8
State Aid — COVID-19	0.0	0.0	0.0	0.0	0.0
Student Financial Aid	0.5	0.7	1.2	0.6	0.6
Federal Aid — COVID-19	0.0	0.0	0.0	0.0	0.0
Noncapital Contributions, Net	9.1	7.0	7.9	7.1	8.0
Investment Income (Loss), Net	8.2	(1.8)	6.3	8.3	6.6
Interest and Fees on Debt	(1.8)	(2.2)	(2.3)	(2.2)	(2.7)
Federal Interest Subsidy on Debt	0.1	0.1	0.1	0.1	0.1
Interest Earned on Leases	0.0	0.0	0.0	0.0	0.0
Other Nonoperating Revenues (Expenses)	(1.4)	1.1	1.1	(0.2)	(0.1)
Net Nonoperating Revenues	**30.2**	**22.0**	**29.9**	**29.4**	**30.7**
Income (Loss) Before Other Revenues	**2.9**	**(3.9)**	**0.9**	**(1.1)**	**6.0**
Capital Appropriations	0.4	0.3	0.1	0.1	0.1
Capital Contributions	0.6	0.4	1.3	1.6	2.4
Additions to Endowments	0.5	0.4	0.6	0.8	0.8
Increase (Decrease) in Net Position	**4.4**	**(2.8)**	**2.9**	**1.4**	**9.3**

Operating Expenses by Function

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Instruction	$746,712	$745,236	$758,442	$747,907	$749,322
Research	666,602	632,625	609,748	595,395	601,890
Public Service	141,700	136,146	144,067	157,063	148,579
Academic Support	123,541	136,729	139,716	135,886	132,369
Student Services	34,882	29,378	37,209	44,403	44,497
Institutional Support	216,956	190,418	194,025	196,207	198,111
Operations and Maintenance of Plant	126,887	130,151	152,984	149,787	142,403
Student Financial Aid	132,927	121,920	106,483	90,380	129,050
Auxiliary Enterprises	940,099	854,367	866,396	791,409	759,804
Depreciation and Amortization	186,183	159,181	179,718	142,244	138,401
Pension Expense*					
Total Operating Expenses by Function	**$3,316,489**	**$3,136,151**	**$3,188,788**	**$3,050,681**	**$3,044,426**

* Effective 2016 Pension Expense is not a separate line item but is distributed between functional categories.

Operating Expenses by Function (Continued)

Last ten fiscal years | Expressed as a percent of the total

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Instruction	22.5	23.8	23.8	24.5	24.6
Research	20.1	20.2	19.1	19.5	19.8
Public Service	4.3	4.3	4.5	5.1	4.9
Academic Support	3.7	4.4	4.4	4.5	4.3
Student Services	1.1	0.9	1.2	1.5	1.5
Institutional Support	6.5	6.1	6.1	6.4	6.5
Operations and Maintenance of Plant	3.9	4.1	4.8	4.9	4.7
Student Financial Aid	4.0	3.9	3.3	3.0	4.2
Auxiliary Enterprises	28.3	27.2	27.2	25.9	25.0
Depreciation and Amortization	5.6	5.1	5.6	4.7	4.5
Pension Expense*	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses by Function	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Effective 2016 Pension Expense is not a separate line item but is distributed between functional categories.

Operating Expenses by Function (Continued)

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
		(as restated)		(as restated)	
Instruction	$721,569	$728,243	$683,793	$675,822	$694,692
Research	595,219	546,228	714,093	703,621	529,102
Public Service	142,315	164,235	152,661	134,917	133,059
Academic Support	137,947	137,657	110,417	118,680	114,371
Student Services	45,506	39,162	35,845	32,807	27,565
Institutional Support	186,342	139,743	130,905	100,238	93,852
Operations and Maintenance of Plant	193,988	152,396	162,016	150,013	135,314
Student Financial Aid	123,740	122,816	119,453	112,450	104,557
Auxiliary Enterprises	726,701	660,197	662,094	669,423	601,996
Depreciation and Amortization	140,085	136,572	136,493	130,439	117,968
Pension Expense*			16,914	154,639	
Total Operating Expenses by Function	**$2,827,249**	**$2,924,684**	**$2,983,049**	**$2,552,476**	**$2,449,479**

* Effective 2016 Pension Expense is not a separate line item but is distributed between functional categories.

Operating Expenses by Function (Continued)

Last ten fiscal years | Expressed as a percent of the total

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
		(as restated)		(as restated)	
Instruction	23.9	25.8	23.4	22.7	27.2
Research	19.8	19.3	24.4	23.6	20.7
Public Service	4.7	5.8	5.2	4.4	5.2
Academic Support	4.6	4.9	3.8	4.0	4.5
Student Services	1.5	1.4	1.2	1.1	1.1
Institutional Support	6.2	4.9	4.5	3.4	3.7
Operations and Maintenance of Plant	6.4	5.4	5.5	5.0	5.3
Student Financial Aid	4.1	4.3	4.1	3.8	4.1
Auxiliary Enterprises	24.1	23.4	22.6	22.4	23.6
Depreciation and Amortization	4.7	4.8	4.7	4.4	4.6
Pension Expense*	0.0	0.0	0.6	5.2	0.0
Total Operating Expenses by Function	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Effective 2016 Pension Expense is not a separate line item but is distributed between functional categories.

Revenue Capacity

Academic Year Tuition and Required Fees

Last ten fiscal years

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
UNC-Chapel Hill vs Association of American Universities (AAU):					
Resident Undergraduate — UNC-CH	$9,036	$8,980	$8,980	$8,987	$9,005
% increase (decrease) from prior year	0.62%	0.00%	-0.08%	-0.20%	1.94%
AAU Public Universities (mean)	$13,183	$12,904	$12,699	$12,561	$12,377
% increase (decrease) from prior year	2.16%	1.61%	1.10%	1.49%	2.81%
Non-Resident Undergraduate — UNC-CH	$36,899	$36,159	$36,159	$35,170	$34,588
% increase from prior year	2.05%	0.00%	2.81%	1.68%	1.98%
AAU Public Universities (mean)	$37,464	$36,820	$36,178	$35,447	$34,532
% increase from prior year	1.75%	1.77%	2.06%	2.65%	4.10%
Resident Graduate — UNC-CH	$12,582	$12,522	$12,522	$12,212	$11,929
% increase from prior year	0.48%	0.00%	2.54%	2.37%	2.78%
AAU Public Universities (mean)	$15,503	$14,966	$14,858	$14,708	$14,431
% increase from prior year	3.59%	0.73%	1.02%	1.92%	2.58%
Non-Resident Graduate — UNC-CH	$30,874	$30,248	$30,248	$29,423	$29,140
% increase from prior year	2.07%	0.00%	2.80%	0.97%	1.12%
AAU Public Universities (mean)	$31,316	$30,913	$30,773	$30,173	$29,520
% increase from prior year	1.30%	0.45%	1.99%	2.21%	2.50%

Sources: AAU Data Exchange, 2012-2022 Missouri Tuition & Fees Survey (amounts not available in the survey were found on websites of individual institutions), Prepared by Institutional Research, Planning & Assessment.

Principal Revenue Payers

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
State and Local Grants and Contracts	$13,390	$13,091	$15,207	$12,172	$12,754
State Appropriations and State Aid	587,593	537,409	534,766	543,274	518,231
Noncapital Grants	184,285	233,530	171,054	99,405	115,456
Capital Appropriations	0	0	1,452	4,060	9,038
Capital Grants	29,664	32,869	13,565	13,828	13,150
NC State Government	**$814,932**	**$816,899**	**$736,044**	**$672,739**	**$668,629**
% increase (decrease) from prior year	**-0.24%**	**10.99%**	**9.41%**	**0.61%**	**2.22%**
Federal Grants and Contracts	$833,459	$763,623	$722,462	$710,288	$711,778
Noncapital Grants	116,293	54,604	31,208	24,508	22,818
Federal Government	**$949,752**	**$818,227**	**$753,670**	**$734,796**	**$734,596**
% increase (decrease) from prior year	**16.07%**	**8.57%**	**2.57%**	**0.03%**	**11.31%**

Academic Year Tuition and Required Fees (Continued)

Last ten fiscal years

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
UNC-Chapel Hill vs Association of American Universities (AAU):					
Resident Undergraduate — UNC-CH	$8,834	$8,591	$8,336	$8,340	$7,690
% increase (decrease) from prior year	2.83%	3.06%	-0.05%	8.45%	9.72%
AAU Public Universities (mean)	$12,039	$11,793	$11,560	$11,319	$11,143
% increase (decrease) from prior year	2.09%	2.02%	2.13%	1.58%	3.42%
Non-Resident Undergraduate — UNC-CH	$33,916	$33,673	$33,418	$30,122	$28,442
% increase from prior year	0.72%	0.76%	10.94%	5.91%	5.99%
AAU Public Universities (mean)	$33,172	$31,828	$30,533	$29,668	$29,013
% increase from prior year	4.22%	4.24%	2.92%	2.26%	3.37%
Resident Graduate — UNC-CH	$11,606	$11,074	$10,594	$10,248	$9,689
% increase from prior year	4.80%	4.53%	3.38%	5.77%	12.06%
AAU Public Universities (mean)	$14,068	$13,801	$13,501	$13,184	$12,858
% increase from prior year	1.93%	2.22%	2.40%	2.54%	3.38%
Non-Resident Graduate — UNC-CH	$28,817	$28,285	$27,805	$27,459	$25,779
% increase from prior year	1.87%	1.72%	1.25%	6.51%	5.93%
AAU Public Universities (mean)	$28,799	$28,178	$27,482	$26,793	$26,168
% increase from prior year	2.20%	2.53%	2.57%	2.39%	2.97%

Sources: AAU Data Exchange, 2012-2022 Missouri Tuition & Fees Survey (amounts not available in the survey were found on websites of individual institutions), Office of Institutional Research & Assessment Analytic Reports.

Principal Revenue Payers (Continued)

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
		(as restated)		(as restated)	
State and Local Grants and Contracts	$19,600	$29,433	$17,227	$37,613	$41,471
State Appropriations and State Aid	500,212	493,923	479,186	482,728	515,121
Noncapital Grants	117,617	74,924	88,596	122,611	164,790
Capital Appropriations	12,869	8,767	1,600	4,313	2,285
Capital Grants	3,790	8,997	29,631	41,507	44,177
NC State Government	**$654,088**	**$616,044**	**$616,240**	**$688,772**	**$767,844**
% increase (decrease) from prior year	**6.18%**	**-0.03%**	**-10.53%**	**-10.30%**	**-0.28%**
Federal Grants and Contracts	$643,953	$639,351	$716,564	$707,514	$587,220
Noncapital Grants	15,992	19,607	36,232	18,622	18,011
Federal Government	**$659,945**	**$658,958**	**$752,796**	**$726,136**	**$605,231**
% increase (decrease) from prior year	**0.15%**	**-12.47%**	**3.67%**	**19.98%**	**1.45%**

Debt Capacity and Ratios

Long-Term Debt

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
General Revenue Debt	$1,269,885	$1,296,870	$1,263,270	$1,284,745	$1,305,775
Plus Unamortized Discount/Premium	36,960	38,953	284	782	1,282
Less Unamortized Loss on Refunding					
Net General Revenue Debt	**1,306,845**	**1,335,823**	**1,263,554**	**1,285,527**	**1,307,057**
Revenue Bonds			16,303	23,819	30,961
Plus Unamortized Discount/Premium			(16)	(24)	(32)
Net Revenue Bonds			**16,287**	**23,795**	**30,929**
Total Bonds Payable	**1,306,845**	**1,335,823**	**1,279,841**	**1,309,322**	**1,337,986**
Notes Payable and Line of Credit	67,197	70,067	54,215	56,127	60,254
Capital Leases Payable		456	877	989	1,345
Total	**$1,374,042**	**$1,406,346**	**$1,334,933**	**$1,366,438**	**$1,399,585**
Long Term Debt (whole dollars):					
per Student FTE	$46,673	$50,190	$47,920	$48,873	$50,305
per Dollar of Total Grants and Contracts	$1.04	$1.13	$1.23	$1.38	$1.43
per Dollar of State Appropriations and State Aid	$2.34	$2.62	$2.50	$2.52	$2.70

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Net General Revenue Debt	$1,306,845	$1,335,823	$1,263,554	$1,285,527	$1,307,057
Commercial Paper Program			35,000	25,000	15,000
Total General Revenue Debt	**$1,306,845**	**$1,335,823**	**$1,298,554**	**$1,310,527**	**$1,322,057**
General Revenue Debt (whole dollars):					
per Student FTE	$44,356	$47,673	$46,615	$46,874	$47,518
per Dollar of Total Grants and Contracts	$0.99	$1.07	$1.19	$1.32	$1.35
per Dollar of State Appropriations	$2.22	$2.49	$2.43	$2.41	$2.55

Data Used in the Above Calculations	2022	2021	2020	2019	2018
Total Student FTE	29,463	28,021	27,857	27,959	27,822
State Appropriations	**$587,593**	**$537,409**	**$534,766**	**$543,274**	**$518,231**
Federal Grants and Contracts	$833,459	$763,623	$722,462	$710,288	$711,778
State and Local Grants and Contracts	13,390	13,091	15,207	12,172	12,754
Nongovernmental Grants and Contracts	172,871	182,500	149,674	143,681	113,974
Noncapital Grants	300,578	288,134	202,262	123,913	138,275
Total Grants and Contracts	**$1,320,298**	**$1,247,348**	**$1,089,605**	**$990,054**	**$976,781**

Source: Student FTE - Office of Institutional Research & Assessment Analytic Reports (ConnectCarolina Census Instance).

Long-Term Debt (Continued)

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
				(as restated)	
General Revenue Debt	$1,271,860	$1,293,735	$1,288,640	$1,302,255	$1,319,835
Plus Unamortized Discount/Premium	7,345	7,688	18,008	28,855	30,189
Less Unamortized Loss on Refunding					(3,234)
Net General Revenue Debt	**1,279,205**	**1,301,423**	**1,306,648**	**1,331,110**	**1,346,790**
Revenue Bonds	37,713	44,116	50,152	59,866	68,952
Plus Unamortized Discount/Premium	(40)	(48)	(56)	(92)	(128)
Net Revenue Bonds	**37,673**	**44,068**	**50,096**	**59,774**	**68,824**
Total Bonds Payable	**1,316,878**	**1,345,491**	**1,356,744**	**1,390,884**	**1,415,614**
Notes Payable and Line of Credit	62,326	71,739	58,125	44,829	45,257
Capital Leases Payable	1,147		192	485	765
Total	**$1,380,351**	**$1,417,230**	**$1,415,061**	**$1,436,198**	**$1,461,636**
Long Term Debt (whole dollars):					
per Student FTE	$50,156	$52,728	$52,464	$53,214	$53,997
per Dollar of Total Grants and Contracts	$1.46	$1.53	$1.47	$1.38	$1.55
per Dollar of State Appropriations	$2.76	$2.87	$2.95	$2.98	$2.84

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
Net General Revenue Debt	$1,279,205	$1,301,423	$1,306,648	$1,331,110	$1,346,790
Commercial Paper Program	63,000	33,000	28,000	18,000	18,000
Total General Revenue Debt	**$1,342,205**	**$1,334,423**	**$1,334,648**	**$1,349,110**	**$1,364,790**
General Revenue Debt (whole dollars):					
per Student FTE	$48,770	$49,647	$49,483	$49,987	$50,419
per Dollar of Total Grants and Contracts	$1.42	$1.44	$1.38	$1.29	$1.45
per Dollar of State Appropriations	$2.68	$2.70	$2.79	$2.79	$2.65

Data Used in the Above Calculations	2017	2016	2015	2014	2013
Total Student FTE	27,521	26,878	26,972	26,989	27,069
State Appropriations	**$500,212**	**$493,923**	**$479,186**	**$482,728**	**$515,121**
Federal Grants and Contracts	$643,953	$639,351	$716,564	$707,514	$587,220
State and Local Grants and Contracts	19,600	29,433	17,227	37,613	41,471
Nongovernmental Grants and Contracts	147,670	160,714	106,762	158,133	132,506
Noncapital Grants	133,608	94,531	124,829	141,233	182,801
Total Grants and Contracts	**$944,831**	**$924,029**	**$965,382**	**$1,044,493**	**$943,998**

Source: Student FTE - Office of Institutional Research & Assessment Analytic Reports (ConnectCarolina Census Instance).

Composite Financial Index

Last ten fiscal years

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
				(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	
+ Primary Reserve Ratio	1.41 x	1.44 x	0.96 x	1.02 x	0.94 x	0.89 x	0.90 x	0.91 x	0.83 x	0.94 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	10.60	10.83	7.22	7.67	7.07	6.69	6.77	6.84	6.24	7.07
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	3.71	3.79	2.53	2.68	2.47	2.34	2.37	2.39	2.18	2.47
= Ratio 10.00 Cap Subtotal	3.50	3.50	2.53	2.68	2.47	2.34	2.37	2.39	2.18	2.47
+ Return on Net Position Ratio	7.4%	52.7%	0.8%	19.6%	12.9%	4.5%	(1.7%)	3.0%	2.3%	6.6%
/ 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	3.70	26.35	0.40	9.80	6.45	2.25	(0.85)	1.50	1.15	3.30
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.74	5.27	0.08	1.96	1.29	0.45	(0.17)	0.30	0.23	0.66
= Ratio 10.00 Cap Subtotal	0.74	2.00	0.08	1.96	1.29	0.45	(0.17)	0.30	0.23	0.66
+ Net Operating Revenues Ratio	6.5%	28.8%	-0.8%	10.9%	5.4%	2.9%	(4.0%)	1.0%	(1.1%)	6.2%
/ 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	9.29	41.14	(1.14)	15.57	7.71	4.14	(5.71)	1.43	(1.57)	8.86
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.93	4.11	(0.11)	1.56	0.77	0.41	(0.57)	0.14	(0.16)	0.89
= Ratio 10.00 Cap Subtotal	0.93	1.00	(0.11)	1.00	0.77	0.41	(0.57)	0.14	(0.16)	0.89
+ Viability Ratio	3.5 x	3.4 x	2.3 x	2.3 x	2.1 x	1.9 x	1.8 x	1.9 x	1.8 x	1.7 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	8.39	8.15	5.52	5.52	5.04	4.56	4.32	4.56	4.32	4.08
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	2.94	2.85	1.93	1.93	1.76	1.60	1.51	1.60	1.51	1.43
= Ratio 10.00 Cap Subtotal	2.94	2.85	1.93	1.93	1.76	1.60	1.51	1.60	1.51	1.43
Composite Financial Index	**8.32**	**16.02**	**4.43**	**8.13**	**6.29**	**4.80**	**3.14**	**4.43**	**3.76**	**5.45**
Composite Financial Index with 10.00 Cap	**8.11**	**9.35**	**4.43**	**7.57**	**6.29**	**4.80**	**3.14**	**4.43**	**3.76**	**5.45**

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. It is important to read disclosures included with the detailed ratio calculations on subsequent pages.

Other Ratios

Primary Reserve Ratio

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
					(as restated)
Unrestricted Net Position*	$1,650,029	$1,483,384	$1,137,848	$1,166,941	$1,030,338
Unrestricted Net Assets — Component Units **	107,250	101,704	71,659	72,053	63,519
Expendable Restricted Net Position*	2,297,474	2,378,061	1,506,154	1,537,060	1,440,169
Temporarily Restricted Net Assets — Component Units **	800,881	779,596	479,671	489,026	449,747
Expendable Net Position and Net Assets	**$4,855,634**	**$4,742,745**	**$3,195,332**	**$3,265,080**	**$2,983,773**
Operating Expenses	$3,316,486	$3,136,148	$3,188,788	$3,050,681	$3,044,426
Nonoperating Expenses	60,209	79,763	76,187	77,900	78,719
Expenses — Component Units**	77,170	67,166	74,317	64,740	61,469
Total Expenses	**$3,453,865**	**$3,283,077**	**$3,339,292**	**$3,193,321**	**$3,184,614**
Ratio	**1.41 x**	**1.44 x**	**0.96 x**	**1.02 x**	**0.94 x**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
	(as restated)	(as restated)	(as restated)	(as restated)	
Unrestricted Net Position*	$774,189	$862,613	$883,668	$766,194	$972,888
Unrestricted Net Assets — Component Units **	57,301	51,046	49,895	45,697	39,434
Expendable Restricted Net Position	1,545,891	1,372,533	1,453,008	1,390,715	1,193,821
Temporarily Restricted Net Assets — Component Units **	424,862	371,806	399,111	360,420	304,729
Expendable Net Position and Net Assets	**$2,802,243**	**$2,657,998**	**$2,785,682**	**$2,563,026**	**$2,510,872**
Operating Expenses	$3,013,412	$2,827,249	$2,924,684	$2,983,049	$2,552,476
Nonoperating Expenses	82,226	78,962	75,674	71,112	75,422
Expenses — Component Units**	55,110	50,945	44,675	48,463	44,070
Total Expenses	**$3,150,748**	**$2,957,156**	**$3,045,033**	**$3,102,624**	**$2,671,968**
Ratio	**0.89 x**	**0.90 x**	**0.91 x**	**0.83 x**	**0.94 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.

* The net position included in this calculation excludes the impact of the Pension and OPEB liability since these do not have an impact on the University's ability to pay debt. Please see Note 13 - Net Position for additional information.

** 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.

Return on Net Assets Ratio

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Change in Net Position	$307,058	$1,380,018	$11,820	$460,211	$226,949
Change in Net Position — Component Units*	69,959	368,321	13,981	88,137	90,613
Total Change in Net Position	**$377,017**	**$1,748,339**	**$25,801**	**$548,348**	**$317,562**
Net Position (Beginning of Year)	$3,649,932	$2,269,915	$2,258,094	$1,851,379	$1,611,069
Net Position (Beginning of Year) — Component Units*	1,413,812	1,045,490	1,031,509	943,372	852,759
Total Net Position (Beginning of Year)	**$5,063,744**	**$3,315,405**	**$3,289,603**	**$2,794,751**	**$2,463,828**
Ratio	**7.4%**	**52.7%**	**0.8%**	**19.6%**	**12.9%**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
		(as restated)		(as restated)	
Change in Net Position	$144,668	($80,776)	$90,556	$43,161	$267,803
Change in Net Position — Component Units*	97,452	(10,130)	67,776	74,715	49,055
Total Change in Net Position	**$242,120**	**($90,906)**	**$158,332**	**$117,876**	**$316,858**
Net Position (Beginning of Year)	**$4,579,480**	**$4,660,256**	**$4,576,356**	**$4,533,195**	**$4,233,646**
Net Position (Beginning of Year) — Component Units*	755,307	767,344	699,568	624,853	575,799
Total Net Position (Beginning of Year)	**$5,334,787**	**$5,427,600**	**$5,275,924**	**$5,158,048**	**$4,809,445**
Ratio	**4.5%**	**(1.7%)**	**3.0%**	**2.3%**	**6.6%**

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.

* 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.

Net Operating Revenue Ratio

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Income (Loss) Before Other Revenues	**$226,846**	**$1,266,675**	**($27,004)**	**$365,788**	**$178,661**
Total Operating Revenues	**$2,574,066**	**$2,319,933**	**$2,226,992**	**$2,296,008**	**$2,216,424**
State Appropriations	587,593	537,409	534,766	543,274	518,231
Noncapital Gifts and Grants, Net	385,978	444,027	359,279	317,153	312,156
Investment Income (Loss), Net	(63,588)	1,099,206	95,460	206,536	292,215
Adjusted Net Operating Revenues	**$3,484,049**	**$4,400,575**	**$3,216,497**	**$3,362,971**	**$3,339,026**
Ratio	**6.5%**	**28.8%**	**-0.8%**	**10.9%**	**5.4%**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
			(as restated)		
Income (Loss) Before Other Revenues	**$94,046**	**($110,968)**	**$28,367**	**($34,332)**	**$174,205**
Total Operating Revenues	**$2,124,203**	**$2,087,212**	**$2,031,285**	**$2,039,238**	**$1,838,694**
State Appropriations	500,212	493,923	479,186	482,728	515,121
Noncapital Gifts and Grants, Net	313,746	219,019	279,894	238,649	250,442
Investment Income (Loss), Net	267,070	(50,950)	195,407	258,372	191,969
Adjusted Net Operating Revenues	**$3,205,231**	**$2,749,204**	**$2,985,772**	**$3,018,987**	**$2,796,226**
Ratio	**2.9%**	**(4.0%)**	**1.0%**	**(1.1%)**	**6.2%**

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

Viability Ratio

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
					(as restated)
Unrestricted Net Position*	$1,650,029	$1,483,384	$1,137,848	$1,166,941	$1,030,338
Unrestricted Net Assets — Component Units **	107,250	101,704	71,659	72,053	63,519
Expendable Restricted Net Position	2,297,474	2,378,061	1,506,154	1,537,060	1,440,169
Temporarily Restricted Net Assets — Component Units **	800,881	779,596	479,671	489,026	449,747
Expendable Net Position and Net Assets	**$4,855,634**	**$4,742,745**	**$3,195,332**	**$3,265,080**	**$2,983,773**
Bonds	$1,306,845	$1,335,823	$1,279,840	$1,309,323	$1,337,986
Commercial Paper			35,000	25,000	15,000
Capital Leases		456	877	989	1,345
Notes	67,197	70,067	54,215	56,127	60,254
Notes — Component Units **	2,037	2,210	2,372	2,520	2,664
Total Adjusted University Debt	**$1,376,079**	**$1,408,556**	**$1,372,304**	**$1,393,959**	**$1,417,249**
Ratio	**3.5 x**	**3.4 x**	**2.3 x**	**2.3 x**	**2.1 x**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
	(as restated)	(as restated)	(as restated)	(as restated)	
Unrestricted Net Position*	$774,189	$862,613	$883,668	$766,194	$972,888
Unrestricted Net Assets — Component Units **	57,301	51,046	49,895	45,697	39,434
Expendable Restricted Net Position	1,545,891	1,372,533	1,453,008	1,390,715	1,193,821
Temporarily Restricted Net Assets — Component Units **	424,862	371,806	399,111	360,420	304,729
Expendable Net Position and Net Assets	**$2,802,243**	**$2,657,998**	**$2,785,682**	**$2,563,026**	**$2,510,872**
Bonds	**$1,316,878**	**$1,345,491**	**$1,356,744**	**$1,390,884**	**$1,415,614**
Commercial Paper	63,000	33,000	28,000	18,000	18,000
Capital Leases	1,147	-	192	485	765
Notes	62,326	71,739	58,125	44,829	45,257
Notes — Component Units **	2,785	2,000	2,000	-	420
Total Adjusted University Debt	**$1,446,136**	**$1,452,230**	**$1,445,061**	**$1,454,198**	**$1,480,056**
Ratio	**1.9 x**	**1.8 x**	**1.9 x**	**1.8 x**	**1.7 x**

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

* The unrestricted net position included in this calculation excludes the impact of the Pension and OPEB liability since these do not have an impact on the University's ability to pay debt. Please see Note 13 - Net Position for additional information.

** 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.

Debt Service to Operations

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Interest and Fees Paid on Debt and Leases	$50,915	$51,189	$51,302	$51,052	$53,540
Less: Interest and Fees Paid — U.S. EPA Project Bonds *	0	0	0	0	0
Principal Paid on Debt and Leases	51,683	153,138	32,288	184,497	86,482
Less: Non-Contractual Principal Paid from Gifts and Excess Funds	0	0	0	0	0
Less: Principal Paid from Refinancing Activities	0	(112,805)	0	(150,000)	(54,925)
Less: Principal Paid — U.S. EPA Project Bonds *	0	0	0	0	0
Debt Service	**$102,598**	**$91,522**	**$83,590**	**$85,549**	**$85,097**
Operating Expenses	**$3,316,486**	**$3,136,148**	**$3,188,788**	**$3,050,681**	**$3,044,426**
Ratio	**3.1%**	**2.9%**	**2.6%**	**2.8%**	**2.8%**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
				(as restated)	
Interest and Fees Paid on Debt and Leases	$56,960	$62,561	$58,235	$72,031	$67,685
Less: Interest and Fees Paid — U.S. EPA Project Bonds *	0	0	0	(5)	(5)
Principal Paid on Debt and Leases	99,119	555,598	293,282	35,618	273,155
Less: Non-Contractual Principal Paid from Gifts and Excess Funds	(68,829)	(1,328)	(1,149)	(5,133)	(684)
Less: Principal Paid from Refinancing Activities	0	(527,055)	(261,000)	0	(241,645)
Less: Principal Paid — U.S. EPA Project Bonds *	0	0	(4,210)	(4,210)	(4,210)
Debt Service	**$87,250**	**$89,776**	**$85,158**	**$98,301**	**$94,296**
Operating Expenses	**$3,013,412**	**$2,827,249**	**$2,924,684**	**$2,983,049**	**$2,552,476**
Ratio	**2.9%**	**3.2%**	**2.9%**	**3.3%**	**3.7%**

Measures the financial strength of the institution.

* U.S. EPA Project Bonds were secured by an irrevocable lease from the U.S. government. This lease covered the debt service requirements for the term of the Bonds.

Research Expenses to Total Expenses

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Research Expenses	**$666,601**	**$632,624**	**$609,747**	**$595,395**	**$601,890**
Operating Expenses	$3,316,486	$3,136,148	$3,188,788	$3,050,681	$3,044,426
Nonoperating Expenses	60,209	79,763	76,187	77,900	78,719
Total Expenses	**$3,376,695**	**$3,215,911**	**$3,264,975**	**$3,128,581**	**$3,123,145**
Ratio	**19.7%**	**19.7%**	**18.7%**	**19.0%**	**19.3%**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
				(as restated)	
Research Expenses	**$595,219**	**$546,228**	**$714,093**	**$546,752**	**$529,102**
Operating Expenses	$3,013,412	$2,827,249	$2,924,684	$2,983,049	$2,552,476
Nonoperating Expenses	82,226	78,962	75,674	71,112	75,422
Total Expenses	**$3,095,638**	**$2,906,211**	**$3,000,358**	**$3,054,161**	**$2,627,898**
Ratio	**19.2%**	**18.8%**	**23.8%**	**17.9%**	**20.1%**

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

Net Tuition Per Student

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Student Tuition and Fees, Net	$464,123	$412,072	$400,349	$424,391	$438,405
Less: Scholarships and Fellowships	(132,927)	(121,920)	(106,483)	(88,821)	(131,467)
Net Tuition and Fees	**$331,196**	**$290,152**	**$293,866**	**$335,570**	**$306,938**
Undergraduate, Graduate and Professional FTE	**29,463**	**28,021**	**27,857**	**27,959**	**27,822**
Net Tuition per Student (whole dollars)	**$11,241**	**$10,355**	**$10,549**	**$12,002**	**$11,032**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
				(as restated)	
Student Tuition and Fees, Net	$426,856	$405,808	$395,005	$361,771	$348,049
Less: Scholarships and Fellowships	(123,740)	(122,816)	(119,453)	(112,449)	(104,556)
Net Tuition and Fees	**$303,116**	**$282,992**	**$275,552**	**$249,322**	**$243,493**
Undergraduate, Graduate and Professional FTE	**27,521**	**26,878**	**26,972**	**26,989**	**27,069**
Net Tuition per Student (whole dollars)	**$11,014**	**$10,529**	**$10,216**	**$9,238**	**$8,995**

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

State Appropriations Per Student

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
State Appropriations	$587,593	$537,409	$534,766	$543,274	$518,231
Undergraduate, Graduate and Professional FTE	29,463	28,021	27,857	27,959	27,822
State Appropriations per Student (whole dollars)	**$19,944**	**$19,179**	**$19,197**	**$19,431**	**$18,627**

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
				(as restated)	
State Appropriations	$500,212	$493,923	$479,186	$482,728	$515,121
Undergraduate, Graduate and Professional FTE	27,521	26,878	26,972	26,989	27,069
State Appropriations per Student (whole dollars)	**$18,176**	**$18,376**	**$17,766**	**$17,886**	**$19,030**

Measures the institution's dependency on state appropriations.

Specific Revenue and General Bond Coverage

Last ten fiscal years | In thousands

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 and State Aid, Tuition, and certain special facilities revenues. Specific Revenue Bonds have a pledged revenue stream as the repayment source.

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Specific Revenue Bond Coverage*:					(as restated)
Gross Operating Revenues	N/A	N/A	$126,099	$124,783	$127,645
Direct Operating Expenses			98,491	108,989	102,373
Net Revenue Available for Debt Service			**$27,608**	**$15,793**	**$25,272**
Principal			$8,415	$8,415	$8,410
Interest					
Specific Revenue Debt Service Requirements			**$8,415**	**$8,415**	**$8,410**
Coverage	**N/A***	**N/A***	**3.28**	**1.88**	**3.00**
Available Funds General Revenue Bonds:					
Total Unrestricted Revenue	$2,525,253	$3,352,129	$2,179,351	$2,427,701	$2,311,918
Less:					
State Appropriations and State Aid	(605,075)	(585,015)	(534,766)	(543,274)	(518,231)
Tuition and Fees	(464,123)	(412,073)	(400,349)	(424,391)	(438,405)
Specific Revenue Debt Service Requirements			(8,415)	(8,415)	(8,415)
Plus:					
Adjusted Beginning Unrestricted Net Assets**	1,259,732	985,883	1,166,941	1,030,338	774,189
Total Available Funds	**$2,715,786**	**$3,340,925**	**$2,402,763**	**$2,481,958**	**$2,121,056**
General Revenue Bond Coverage:					
Total Available Funds	**$2,715,786**	**$3,340,925**	**$2,402,763**	**$2,481,958**	**$2,121,056**
Principal	$26,985	$22,345	$21,475	$21,955	$21,385
Interest	31,355	34,609	38,579	40,590	38,040
General Revenue Debt Service Requirements	**$58,340**	**$56,954**	**$60,054**	**$62,545**	**$59,425**
Coverage	**46.55**	**58.66**	**40.01**	**39.68**	**35.69**

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.

*Specific Revenue Bond Coverage ratio not applicable starting in FY2021 as the applicable bonds have been defeased.

** The adjusted beginning unrestricted net position included in this calculation excludes the impact of the Pension and OPEB liability since these do not have an impact on the University's ability to pay debt. Please see Note 13 additional information.

Specific Revenue and General Bond Coverage (Continued)

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
Specific Revenue Bond Coverage*:	(as restated)		(as restated)		
Gross Operating Revenues	$127,344	$131,807	$130,501	$134,421	$131,607
Direct Operating Expenses	101,484	105,950	102,288	90,534	91,321
Net Revenue Available for Debt Service	**$25,860**	**$25,857**	**$28,213**	**$43,887**	**$40,286**
Principal	$8,415	$8,410	$12,625	$12,625	$12,625
Interest					
Specific Revenue Debt Service Requirements	**$8,415**	**$8,410**	**$12,625**	**$12,625**	**$12,625**
Coverage	**3.07**	**3.07**	**2.23**	**3.48**	**3.19**
Available Funds General Revenue Bonds:					
Total Unrestricted Revenue	$2,448,814	$1,247,665	$1,709,235	$1,830,170	$1,796,035
Less:					
State Appropriations and State Aid	(500,212)	(493,923)	(479,186)	(482,728)	(515,121)
Tuition and Fees	(426,856)	(405,808)	(395,005)	(361,771)	(348,049)
Specific Revenue Debt Service Requirements	(8,410)	(8,415)	(12,625)	(12,625)	(12,625)
Plus:					
Adjusted Beginning Unrestricted Net Assets**	862,613	883,668	766,194	972,888	896,092
Total Available Funds	**$2,375,949**	**$1,223,187**	**$1,588,613**	**$1,945,934**	**$1,816,332**
General Revenue Bond Coverage:					
Total Available Funds	**$2,375,949**	**$1,223,187**	**$1,588,613**	**$1,945,934**	**$1,816,332**
Principal	$18,805	$18,805	$18,215	$17,580	$49,265
Interest	45,542	45,542	48,951	48,764	49,204
General Revenue Debt Service Requirements	**$64,347**	**$64,347**	**$67,166**	**$66,344**	**$98,469**
Coverage	**36.92**	**19.01**	**23.65**	**29.33**	**18.45**

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.

*Specific Revenue Bond Coverage ratio not applicable starting in FY2021 as the applicable bonds have been defeased.

** The adjusted beginning unrestricted net position included in this calculation excludes the impact of the Pension and OPEB liability since these do not have an impact on the University's ability to pay debt. Please see Note 13 additional information.

Demographic and Economic Information

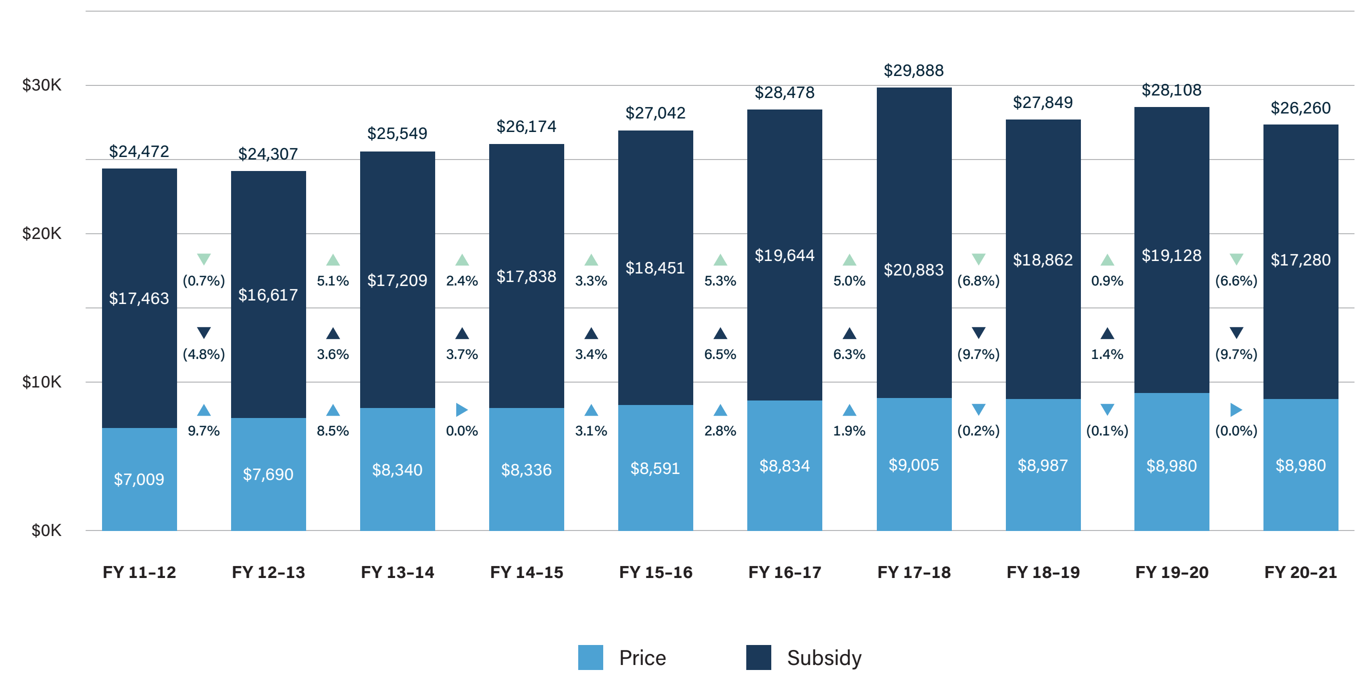
Annual Undergraduate Educational Costs Per Student

In 1997, public concern over tuition prices at colleges and universities led to Congress establishing 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. Criteria that govern the methodology include the following: it should be simple to use and understand; it should use existing data from annual financial statements; it should be applicable to all types of colleges and universities; and it should produce reasonable results when compared with the more detailed costs 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/university 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.

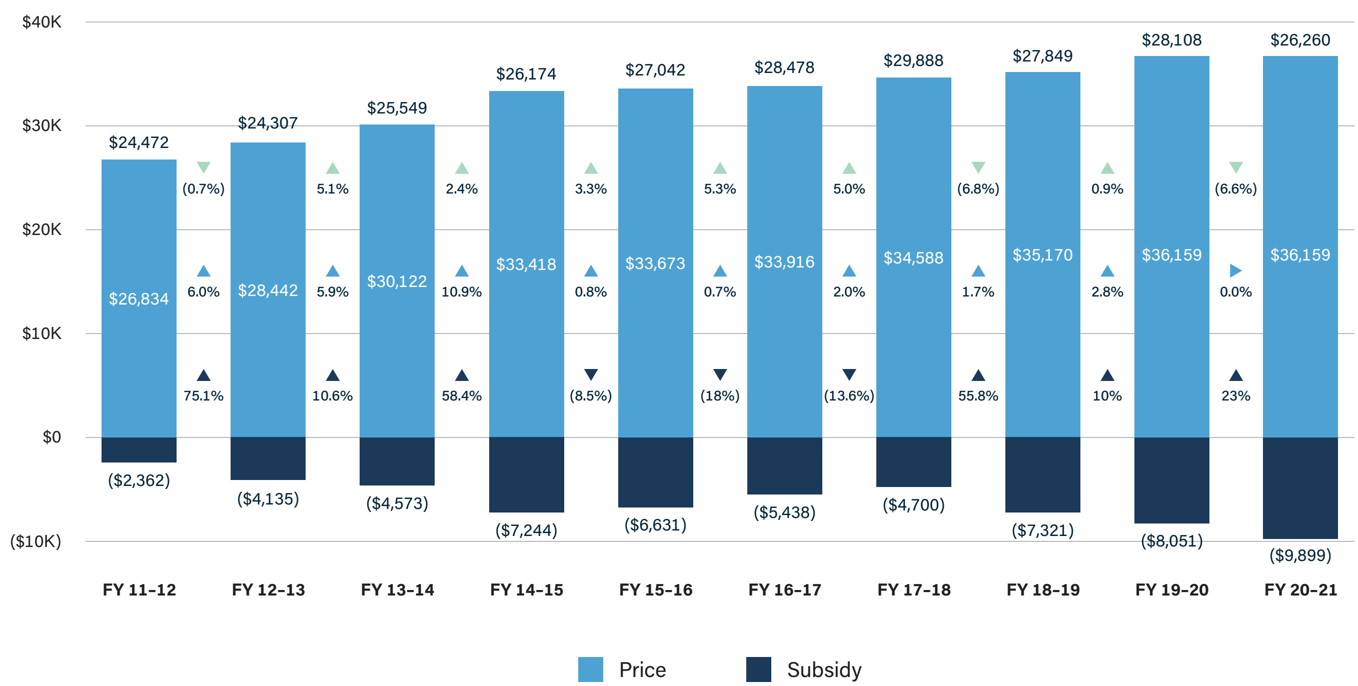
Annual Undergraduate Educational Costs Per Student

Resident Undergraduate Admitted Students



Annual Undergraduate Educational Costs Per Student

Non-Resident Undergraduate Students



Admissions, Enrollment, and Degrees Earned

Fall enrollment last ten fiscal years

Admissions — First-Year Students:	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Applications	53,780	44,382	44,859	43,473	40,918	35,875	31,953	31,331	30,835	29,497
Admitted	10,349	10,446	9,610	9,524	9,709	9,400	9,510	8,929	8,243	7,847
Enrolled	4,687	4,446	4,183	4,336	4,356	4,228	4,076	3,976	3,946	3,915
Acceptance Rate	19.2%	23.5%	21.4%	21.9%	23.7%	26.2%	29.8%	28.5%	26.7%	26.6%
Yield Rate	45.3%	42.6%	43.5%	45.5%	44.9%	45.0%	42.9%	44.5%	47.9%	49.9%
Average SAT Scores — Total*	1,416	1,368	1,383	1,373	1,358	1,344	1,360	1,364	1,371	1,365
Evidence-Based Reading and Reading	702	680	700	681	674	673	682	685	687	685
Math	714	688	683	692	684	671	678	679	684	680
Average ACT Composite Scores*	30	28	30	30	30	30	29	29	29	29

Enrollment:	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Undergraduate, Graduate and Professional FTE	29,463	28,021	27,857	27,959	27,822	27,521	26,878	26,972	26,989	27,069
Undergraduate, Graduate and Professional Headcount	31,641	30,092	29,877	30,011	29,911	29,469	29,084	29,135	29,127	29,278
Men (Headcount)	12,751	12,339	12,380	12,563	12,737	12,642	12,514	12,654	12,442	12,283
Percentage of Total	40.3%	41.0%	41.4%	41.9%	42.6%	42.9%	43.0%	43.4%	42.7%	42.0%
Women (Headcount)	18,890	17,753	17,497	17,448	17,174	16,827	16,570	16,481	16,685	16,995
Percentage of Total	59.7%	59.0%	58.6%	58.1%	57.4%	57.1%	57.0%	56.6%	57.3%	58.0%
Black or African-American (Headcount)	2,743	2,477	2,320	2,963	2,918	2,342	2,353	2,374	2,403	2,486
Percentage of Total	8.7%	8.2%	7.8%	9.9%	9.8%	7.9%	8.1%	8.1%	8.3%	8.5%
White (Headcount)	18,053	17,529	17,770	21,023	21,105	18,257	18,252	18,791	18,967	19,106
Percentage of Total	57.1%	58.3%	59.5%	70.1%	70.6%	62.0%	62.8%	64.5%	65.1%	65.3%
Other (Headcount)	10,845	10,086	9,787	6,025	8,870	8,479	7,970	7,757	7,686	7,376
Percentage of Total	34.3%	33.5%	32.8%	20.1%	29.7%	28.8%	27.4%	26.6%	26.3%	25.2%

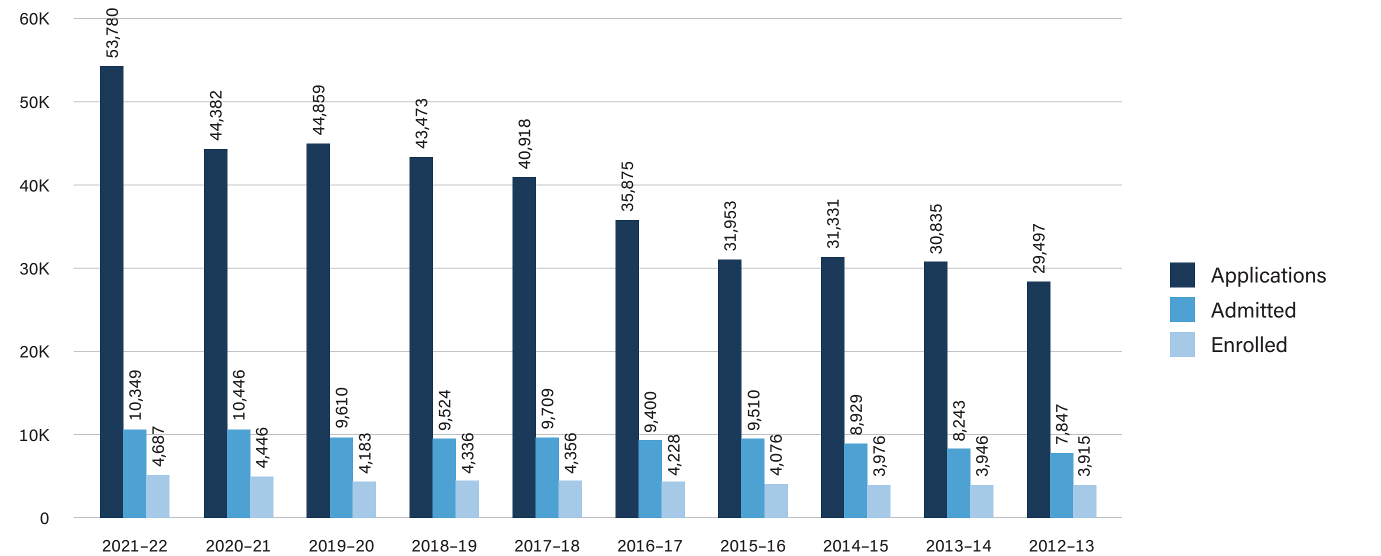
Degrees Earned**:	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Bachelor's	4,883	4,934	4,829	4,662	4,628	4,557	4,525	4,624	4,566	4,627
Master's	2,439	2,292	2,440	2,403	2,178	2,187	2,187	2,140	2,090	2,043
Doctoral	502	446	576	514	501	566	542	519	557	530
Professional	631	698	660	665	707	683	703	700	672	673

Source: Office of Institutional Research & Assessment Analytic Reports - Student Data File Census Snapshot, Campus Solution, UNC System Office Student Datamart, Student FTE (ConnectCarolina Census Instance).

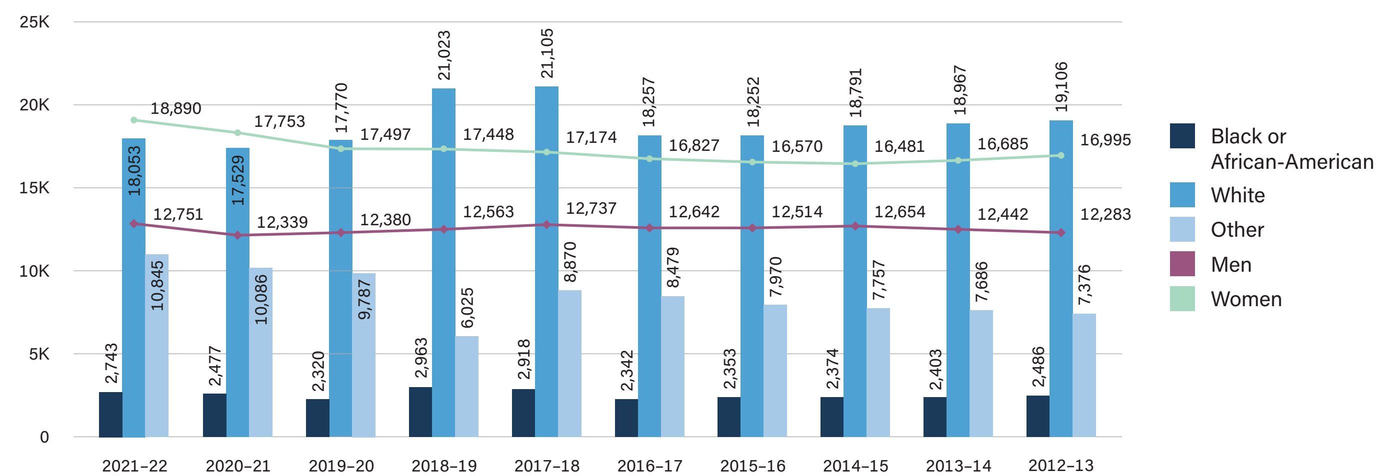
*Averages calculated using only the highest reported scores for enrolled first-time, first-year students. Also, beginning with the 2017 Cohort, SAT scores are reported using the new scoring scale and any old SAT score submitted have been converted to the new scale. Prior to the 2017 Cohort, any new SAT scores submitted have been converted to the old scoring scale. In addition, UNC-Chapel Hill admissions were test-optional for the Fall 2021 and Fall 2022 cohorts.

**Degrees Earned information is now reported based on fiscal year instead of academic year. Prior years have been updated based on the new methodology.

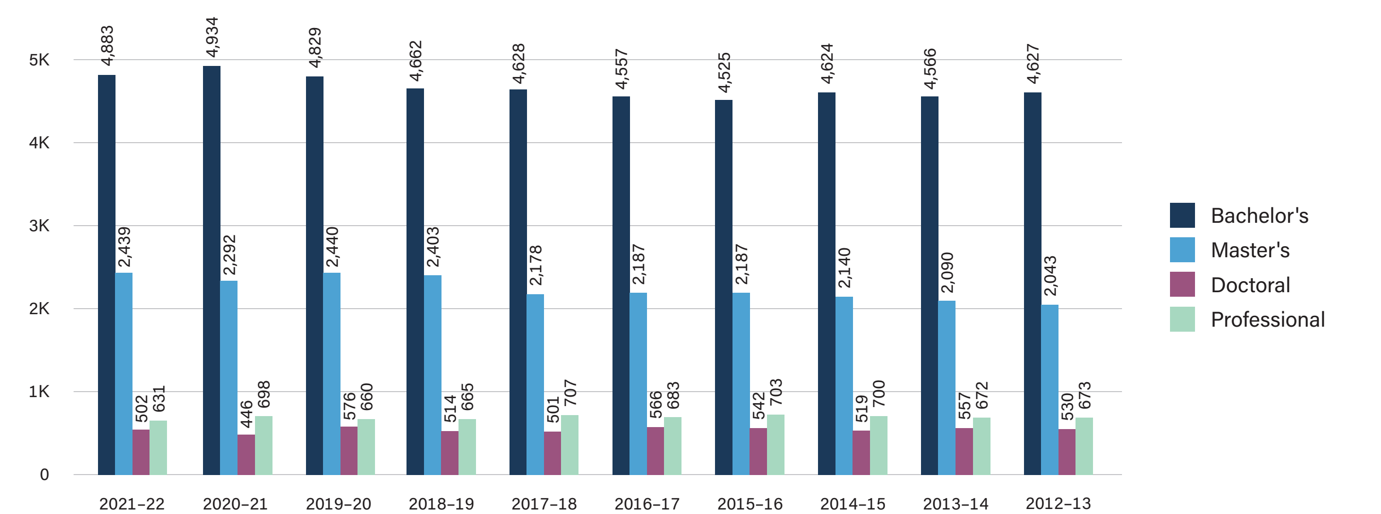
First Year Students Applied, Admitted, and Enrolled



Headcount Total



Degrees Earned



Demographic Data

Last ten fiscal years

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
North Carolina Population	10,645,992	10,551,162	10,457,177	10,488,084	10,381,615
North Carolina Personal Income (in millions)	$598,028	$592,695	$542,727	$505,470	$476,309
North Carolina Per Capita Income	$56,174	$56,173	$51,900	$48,741	$46,352
North Carolina Unemployment Rate	3.40%	4.60%	7.50%	4.20%	4.20%

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
North Carolina Population	10,268,233	10,154,788	10,031,646	9,932,887	9,843,336
North Carolina Personal Income (in millions)	$453,729	$432,626	$419,334	$398,100	$376,392
North Carolina Per Capita Income	$44,591	$42,936	$42,076	$40,293	$38,394
North Carolina Unemployment Rate	4.20%	4.90%	5.80%	6.40%	8.80%

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

Notes: Prior year numbers have been updated based on final figures not available at publication deadline.

Principal Employers

Last ten fiscal years

Fiscal Year	2022			2013		
Employer	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of North Carolina	170,000-174,999	1	3.50%	180,000-184,999	1	4.25%
Federal Government	75,000-79,999	2	1.57%	65,000-69,999	2	1.57%
Wal-Mart Associates, Inc	60,000-64,999	3	1.27%	45,000-49,999	3	1.22%
Duke University	40,000-44,999	4	0.86%	30,000-34,999	5	0.76%
Food Lion LLC	35,000-39,999	5	0.76%	25,000-29,999	6	0.64%
Atrium Health	30,000-34,999	6	0.66%	-		-
Wells Fargo Bank NA	30,000-34,999	7	0.66%	20,000-24,999	7	0.52%
Amazon Fulfillment Services, Inc	25,000-29,999	8	0.56%	-		-
Lowes Home Centers, Inc	20,000-24,999	9	0.46%	-		-
Wake County Public Schools	20,000-24,999	10	0.46%	15,000-19,999	10	0.41%
Charlotte-Mecklenburg Hospital	-		-	30,000-34,999	4	0.76%
Charlotte-Mecklenburg Board of Education	-		-	20,000-24,999	8	0.52%
Bank of America NA	-		-	20,000-24,999	9	0.52%
Total	**505,000-554,990**		**10.76%**	**450,000-509,990**		**11.17%**

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

Source: North Carolina Department of Commerce — Labor and Economic Analysis Division.

Operating Information

Capital Assets (Number of Facilities)

Last ten fiscal years

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic/Administrative Buildings	136	135	136	136	136	136	137	135	135	134
Residence Halls/Auxiliary Buildings	94	94	92	91	91	91	91	91	91	91
Art/Library Collections	6	6	6	6	6	6	6	6	6	6

Faculty and Staff

Last ten fiscal years

Fall Employment of Fiscal Year	2021–22	2020–21	2019–20	2018–19	2017–18	2016–17	2015–16	2014–15	2013–14	2012–13
Faculty:										
Full-Time	3,831	3,804	3,727	3,660	3,589	3,557	3,482	3,375	3,406	3,318
Part-Time	280	281	309	290	298	293	296	292	290	290
Total Faculty	**4,111**	**4,085**	**4,036**	**3,950**	**3,887**	**3,850**	**3,778**	**3,667**	**3,696**	**3,608**
Percentage Tenured	**33.2%**	**34.9%**	**35.2%**	**36.3%**	**36.8%**	**36.9%**	**38.0%**	**37.1%**	**37.1%**	**38.2%**
Staff and EHRA Non-Faculty:										
Full-Time	2,608	2,568	2,479	2,234	2,136	2,024	1,918	1,847	1,815	1,780
Part-Time	89	104	104	104	109	120	153	128	126	131
EHRA Non-Faculty	**2,697**	**2,672**	**2,583**	**2,338**	**2,245**	**2,144**	**2,071**	**1,975**	**1,941**	**1,911**
Full-Time	6,001	6,170	6,234	6,248	6,300	6,191	6,115	6,110	6,099	6,133
Part-Time	152	181	176	205	220	226	223	212	247	248
SHRA	**6,153**	**6,351**	**6,410**	**6,453**	**6,520**	**6,417**	**6,338**	**6,322**	**6,346**	**6,381**
Total Full-Time	8,609	8,738	8,713	8,482	8,436	8,215	8,033	7,957	7,914	7,913
Total Part-Time	241	285	280	309	329	346	376	340	373	379
Total Staff and EHRA Non-Faculty	**8,850**	**9,023**	**8,993**	**8,791**	**8,765**	**8,561**	**8,409**	**8,297**	**8,287**	**8,292**
Total Faculty, Staff, and EHRA Non-Faculty	**12,961**	**13,108**	**13,029**	**12,741**	**12,652**	**12,411**	**12,187**	**11,964**	**11,983**	**11,900**

Note: SHRA denotes employees subject to the North Carolina Human Resources Act. EHRA denotes employees exempt from the North Carolina Human Resources Act.

Source: Office of Institutional Research & Assessment Analytic Reports — Personnel Data File.


Morehead-Patterson Bell Tower.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