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, 2023*

The Old Well.

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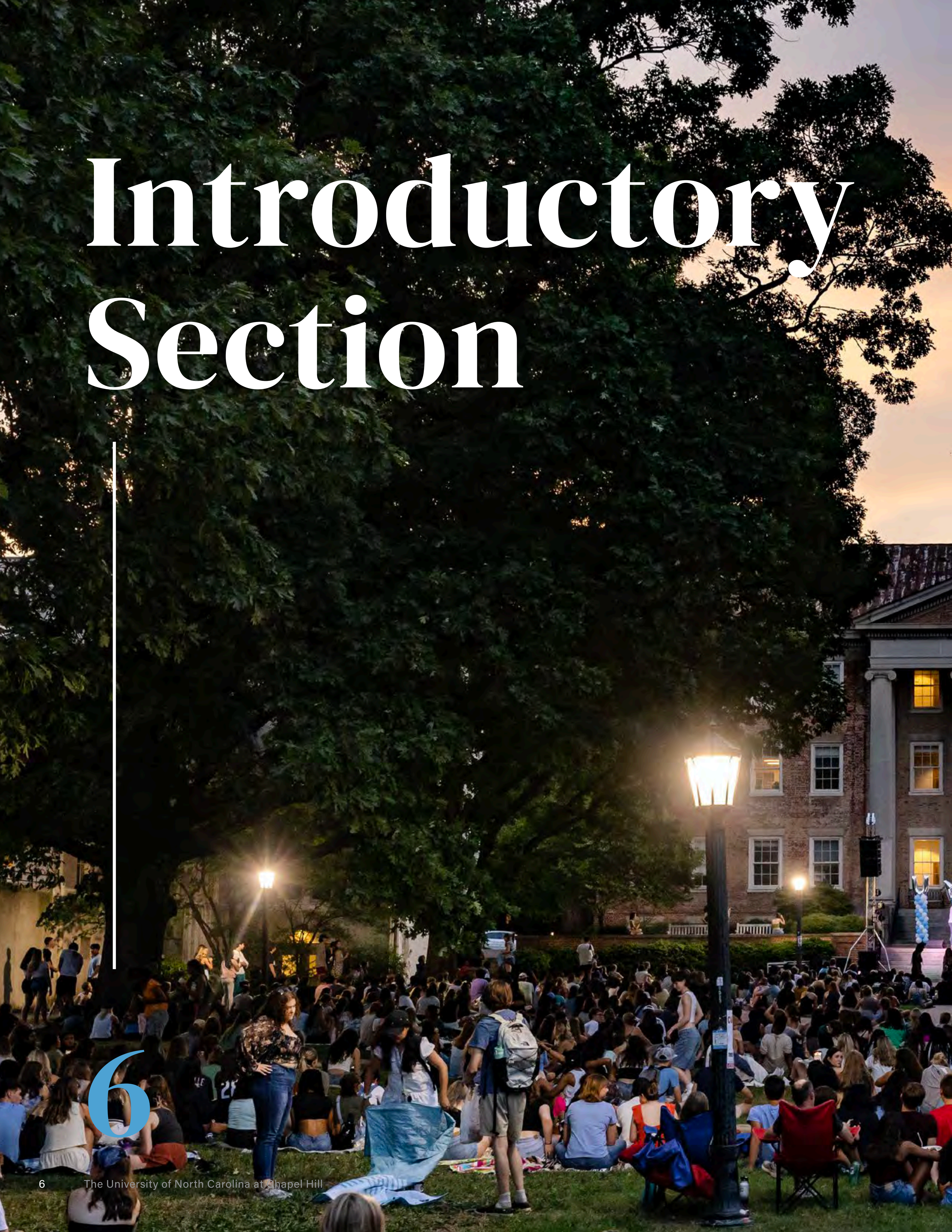
Introductory Section



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A cappella groups perform during Sunset Serenade at Polk Place.

A Message from the Chancellor

November 28, 2023

I am honored and excited to share with you the University of North Carolina at Chapel Hill's Annual Comprehensive Financial Report for fiscal year 2023. This report recognizes some of the incredible achievements of our students, faculty and staff as they fulfill our mission of teaching, research and service.

Carolina is the No. 4 ranked public university in the country and No. 22 overall in the 2024 U.S. News & World Report Best College rankings. Carolina, which has been among the top five public universities for more than 22 years, moved up one position from last year to No. 4. The University also remained the No. 1 best value among public universities for the 19th consecutive year. Numerous Carolina graduate programs were among the top 10 in the nation in their respective categories. Altogether, 26 programs increased their rankings, including programs in the Gillings School of Global Public Health, School of Medicine, School of Nursing, College of Arts and Sciences, School of Education and Kenan-Flagler Business School.

These rankings offer only a glimpse into the accomplishments of our University this year. Carolina once again ranked 10th for federal funding and 13th overall in national research rankings for public and private universities as reported in the 2021 National Science Foundation's Higher Education Research and Development (HERD) report. Research funding at Carolina totaled $1.12 billion in 2023, and 60% of all research by UNC System schools is conducted by UNC-Chapel Hill.

This year, we opened a new home for innovation at Carolina. The Innovate Carolina Junction is a central hub for our entire network of innovators and entrepreneurs to come together to solve problems. It provides an anchor for our innovation corridor that will bring more start-ups and industry partners to Chapel Hill to work alongside our world-class research faculty. Our goal is to amplify impact by translating our research into new therapies, treatments, devices or other commercial products, by creating new jobs started by our faculty, students and staff, and by serving the public good. The Junction is located right on Franklin Street and is the only hub in the United States located immediately adjacent to a top-five public university.

Carolina continued its deep commitment to being accessible and affordable to the people of our state. About 82% of our students are from North Carolina. We remain need-blind in our admissions process. Tuition for in-state undergraduate students has remained consistent for six consecutive years. Our Carolina Covenant provides an opportunity for students who qualify to attend and graduate from UNC-Chapel Hill debt-free. Few other top public schools can claim this kind

Kevin M. Guskiewicz

Kevin M. Guskiewicz
Chancellor

The University of
North Carolina at Chapel Hill

of commitment to the people of their state. This year, we built on that legacy of affordability when we announced our commitment to cover tuition for North Carolina students whose families make under $80,000 per year beginning in fall 2024. This announcement will help us in our efforts to reach students and their families and make them feel confident that they can afford a Carolina education.

We closed the Campaign for Carolina this year, topping $5.1 billion in fundraising commitments, surpassing our original $4.25 billion by 20% and becoming the only university in the South to raise more than $5 billion in a single campaign. We also reached our $1 billion goal in scholarship funding. Despite various challenges faced during the campaign's seven years, we successfully engaged more than 230,000 donors and 27% of our alumni gave to the campaign, which is among the strongest alumni participation rates of our peers.

We continue to make significant progress with the University's strategic plan, Carolina Next: Innovations for Public Good. Our faculty, staff and students made meaningful strides across all eight strategic initiatives, with a particular focus on "enabling career development," "democracy and diplomacy," and "research and innovation powerhouse." We have been able to focus our messaging and priorities around these three areas, ensuring accountability for our team to move forward initiatives that align with the plan.

The plan has also served as a guide for our strategic investments and decision-making through the second year of our all-funds budget process. We have continued to evolve and improve the collaborative process, providing an effective way for units to highlight their successes over the last fiscal year. We have made important moves to increase our budget and finance transparency, and by limiting our cost increases and sticking to our values of good financial stewardship, we were able to invest strategically in our mission. In the recent Moody's rating of UNC-Chapel Hill, they specifically called out our budget process, citing that "leadership's move to all funds budgeting and closer expense alignment efforts support the likelihood that the university's operating performance gains in fiscal 2021 and 2022 will remain durable." This was proof that our decision in 2021 to rectify a long-standing $110M structural deficit has been instrumental in the strong financial position we enjoy today.

For University Day on Oct. 12, 2023, we focused on our commitment to serve the state, with a particular focus on the impact our alumni have had in improving the lives of the people of North Carolina. In my speech, I highlighted the many ways that UNC-Chapel Hill is present in the lives of people from the mountains to the coast, from the cities to the farms. Carolina Across 100 is a pan-university effort working on issues such as suicide prevention and reaching out to youth about employment opportunities. The Center for Public Service provides students, faculty and staff with deep and transformative experiences through engaged scholarship and service. Finally, the School of Education's work with Person County Schools to build the Carolina Community Academy is bridging theory and practice, helping to shorten the distance not only between Chapel Hill and Roxboro but also between research and implementation.

Most importantly, we inspire hope. We are educating future leaders because we hope for our future. We spend hours in the lab and in the field looking for answers because we hope that the solution is out there. We serve our state because we hope that our people can grow and prosper. As chancellor, I'm proud of how our students, faculty and staff have responded to challenges in our world, and especially our state. Our University will continue to strengthen our partnership with the people of North Carolina in the years to come.

Letter of Transmittal

November 28, 2023

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, 2023, 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 Audit, Compliance and Risk Management 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, 2023.

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, 2023, the U.S. economy experienced rapid growth, outpacing most other countries globally. Additionally, the North Carolina economy performed better than the overall U.S. economy.

In September 2023, the Bureau of Economic Analysis (BEA) reported that the real gross domestic product in the U.S. reached a record $23.2 trillion in the second quarter of 2023, marking a 2.4% increase from the same period in the previous year. Total personal income in North Carolina reached $653.3 billion in the second quarter of 2023, reflecting a 6.3% increase from the second quarter in 2022 and surpassing the national year-over-year increase of 5.6%. Interest rates increased throughout the year while inflation continued a decreasing trend but remained above the Federal Reserve's 2% a year target.

The state's unemployment rate was 3.3% in June 2023, tying recent lows in April and May 2022. The national unemployment rate for June stood at 3.6%.

The U.S. Census Bureau reported that the total population of North Carolina grew by 1.3% (130,688 people), reaching 10,698,973 people as of July 1, 2022, and representing 3.2% of the total U.S. population.

Looking ahead at FY 23-24, the outlook for both the North Carolina and U.S. economies is positive considering the current record levels of employment and total personal income, along with falling inflation rates.

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, 2022. This was the 28th 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, Treasury Services, the Finance and Operations Service Center of Excellence, the Office of Sponsored Programs, 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, 2022

Christopher P. Morrill

Executive Director/CEO


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Progress and Major Initiatives

Carolina by the Numbers

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For the 19th time during the last 22 years, the University of North Carolina at Chapel Hill received another record number of first-year applications, accepting 59,012 submissions — a 3% increase over fall 2022.

2

Carolina is the No. 4 ranked public university in the country and No. 22 overall in the 2024 U.S. News & World Report Best College rankings. Carolina, which has been among the top five public universities for more than 22 years, moved up one position from last year to No. 4. The University also remained the No. 1 best value among public universities for the 19th consecutive year.

3

The Princeton Review ranked Carolina second on its list of public universities for financial aid and No. 7 best value public college.

4

The University was ranked No. 2 out of more than 600 schools on Money Magazine's Best Colleges in America list.

5

Carolina has again ranked 10th for federal funding and 13th overall in national research rankings for public and private universities as reported in the 2021 National Science Foundation's Higher Education Research and Development (HERD) report. Research funding at Carolina totaled $1.12 billion in 2023, and 60% of all research by UNC System schools is conducted by UNC-Chapel Hill.

6

In U.S. News & World Report's 2024 "Best Graduate Schools" list, numerous Carolina graduate programs were among the top 10 in the nation in their respective categories.

For the sixth consecutive rankings period, the Gillings School of Global Public Health was ranked second out of 206 schools and programs of public health in the United States, also maintaining its position as the top public school of public health.

The School of Government's Local Government Management program ranked second in its field, as did the College of Arts and Sciences Analytical Chemistry program. Among programs ranking third were the School of Medicine Family Medicine program, the School of Nursing Family Nurse Practitioner and Psych-Mental Health Nurse Practitioner master's programs, and the Gillings Epidemiology and Healthcare Management programs.

Altogether, 26 programs increased their rankings, including numerous programs in the Gillings School of Global Public Health, School of Medicine, School of Nursing, College of Arts and Sciences, School of Education and Kenan-Flagler Business School.

Carolina Stories

Historic Campaign is Resounding Success

Dec. 31, 2022 marked the conclusion of the historic Campaign for Carolina. The five-year campaign was the University's largest and most ambitious fundraising effort ever and raised more than $5 billion. By surpassing the $5 billion mark, Carolina became one of just six public universities to hit this milestone in a single campaign.

More than 230,000 donors from all 50 states and all 100 North Carolina counties honored the University with their support. Many of the gifts are already at work supporting Carolina's key strategic priorities, and more than $1 billion was raised for scholarships and fellowships.

"I am immensely grateful for the community of donors and volunteers who have supported us on this journey," said Chancellor Guskiewicz. "Your generosity means Carolina will continue to prepare generations of students and scholars to solve the grand challenges of our time."

New Data Science School to Leverage Carolina's Strengths

In fall 2022, the new School of Data Science and Society was formalized after several years of preparation and development. Over the past decades, Carolina has developed and cultivated world-renowned scholarship and research in data science. The new school will allow Carolina to build upon that foundation by creating an innovative curriculum and research portfolio. The school's focus on society will allow students to utilize foundational and translational data science in innovative ways for the public good.

The school offers an online Master of Applied Data Sciences degree which gives students a holistic understanding of the data life cycle and prepares them to collect, process, manage and analyze data ethically and effectively. The school is developing additional degree and certificate programs that will launch in the next few years.

Chancellor Kevin M. Guskiewicz celebrates the Campaign for Carolina with students.

Tar Heel Bus Tour participants visit Grandfather Mountain in Linville, NC. October 20, 2022.

Tar Heel Bus Tour Strengthens the Connections Between Carolina and Our State

Back after a two-year hiatus, the Tar Heel Bus Tour embarked on Oct. 19 on a three-day "listening and learning" tour across the state of North Carolina. With nearly 80 Carolina faculty and senior administrators on board, one bus traveled east and the other west, making 27 stops in 20 different North Carolina counties in an effort to connect with the communities that our students call home.

The Tar Heel Bus Tour is designed to help faculty and administrators to learn more about the state they serve, with the following goals:

- Demonstrate UNC-Chapel Hill's impact in the state of North Carolina and its commitment to public service.
- Promote scholarship and service that respond to the concerns of the state and contribute to the common good.
- Introduce faculty and senior administrators to people, ideas and programs that can inform their teaching and research.
- Learn more about the state Carolina calls home.
- Encourage connections of faculty across disciplines.

Community visits from the coast to the mountains, from Kitty Hawk to Grandfather Mountain, gave tour bus participants the opportunity to meet with citizens from across the state to address a variety of key issues, including education, food insecurity, economic development, health and disaster response.

North Carolina Collaboratory Opens Offices

Seven years after its establishment, the North Carolina Collaboratory marked the opening of its official, dedicated offices in Kenan Labs at a March 22 ribbon-cutting ceremony.

The Collaboratory was established in 2016 to facilitate the dissemination of policy and research expertise of the UNC System and other universities across the state to solve North Carolina's most pressing challenges through collaboration. Under the leadership of Executive Director Jeffrey Warren, what began with an initial recurring legislative appropriation of $1 million has grown to $148 million in funding and includes research partnerships with experts from across the state.

Several current research projects immediately impact the state and its citizens, including: the development of rapid COVID-19 test strips using sugar-based polymer technology; testing of water supplies in more than 400 locations across the state and then creating a resin-based filtration technology to filter out harmful PFAS contaminants; and research on lithium extraction in North Carolina while minimizing the environmental impact.

Chancellor Kevin M. Guskiewicz, N.C. Senate President Pro Tempore Phil Berger, Sen. Gladys Robinson, Board of Trustee Chair David Boliek Jr. and Vice Chair John Preyer participate in cutting the ribbon to open the North Carolina Collaboratory on the ninth floor of Kenan Labs. March 22, 2023.

New IDEAS in Action Curriculum Launched Fall 2022

IDEAS in Action, a new undergraduate general education curriculum, was launched in fall 2022 to help students think critically, work collaboratively and communicate persuasively. After five years of development from faculty and other stakeholders, the program was introduced to all first-year and transfer students as they signed up for their fall semester courses.

IDEA stands for identify, discover, evaluate and act and focuses on four main outcomes for students:

- Identify pressing questions, problems and issues.
- Discover ideas, evidence and methods that inform these questions.
- Evaluate these ideas, evidence and methods.
- Act on the basis of these evaluations.

The goal is for students to develop meaningful connections on campus and create strategies for academic success. The curriculum also requires Triple-I coursework, which are classes team-taught by three professors from different disciplines to show different perspectives on a single subject. Each Triple-I class is then paired with one data literacy lab, which teaches students how to formulate research questions, organize a research paper, discuss ethical issues and learn techniques to analyze and use data.

UNC-Chapel Hill Receives Seven-Year, $70 Million NIH Grant

The University secured a seven-year, $70 million Clinical and Translational Science Award from the National Institutes of Health to accelerate high-impact research that improves human health and advances health equity. The grant will provide continued funding for the North Carolina Translational and Clinical Sciences Institute (NC TraCS), the academic hub of the Clinical and Translational Science Award (CTSA) Program at the School of Medicine.

The successful grant application is a partnership between UNC-Chapel Hill, NC State University and N.C. A&T State University. The new funding renews Carolina's membership in the CTSA Program, an elite consortium of academic medical research institutions working together to transform the way biomedical research is conducted across the country.

With the new award, Carolina's CTSA will lead and support efforts to create a more efficient, inclusive research environment, involving diverse populations at all stages to ensure that science benefits all communities.

A researcher performs tests at Kenan Labs at UNC-Chapel Hill.

The American Association for the Advancement of Science Selects Four Faculty as Fellows

Four Carolina faculty members were selected as 2022 fellows of the American Association for the Advancement of Science, the world's largest general scientific society and publisher of the academic journal Science. The selection is one of the most distinguished honors in the scientific community.

Carol Arnosti, a professor in the department of earth, marine and environmental sciences in the College of Arts and Sciences, was recognized for discovering new patterns and pathways of microbial degradation of complex carbon in marine environments through groundbreaking development of novel methods to measure extracellular enzyme activities involved in carbon cycling.

Melinda Beck, professor and interim chair in the department of nutrition at the Gillings School of Global Public Health, has led researchers studying the relationship between host nutrition and the immune response to infectious disease, including an ongoing clinical study of the mechanisms that impair flu vaccine response in obese adults compared with healthy weight adults.

Michael Crimmins, a professor emeritus of chemistry in the College of Arts and Sciences, was recognized for important contributions to complex natural products synthesis through the development of photocycloadditions, asymmetric aldol reactions and olefin metathesis reactions, as well as for innovation in chemical education.

Barbara Fredrickson, a Kenan Distinguished Professor in the department of psychology and neuroscience in the College of Arts and Sciences, was recognized for her seminal research demonstrating the adaptive value of positive emotions, extraordinary dissemination of this knowledge to general audiences and exceptional service establishing positive psychology within affective science.

Carolina Celebrates Veterans Day

Carolina ROTC students and University leaders joined local veterans and community and military leaders on Nov. 11 to commemorate Veterans Day. The ceremony was for the first time jointly hosted by the University and Orange County.

The ceremony's guest speaker was retired Maj. Gen. George Alan Higgins, a West Point graduate who served as commanding general of the 2nd Infantry Division and assistant deputy chief of staff at the Department of the Army.

"Today is a special day in the hearts of many Americans who have served with their brothers and sisters," Higgins said. "Let's remember, reflect and be aware of the deep debt of gratitude we owe to Americans we call veterans."

Carolina was ranked 9th overall for Best Colleges for Veterans in the 2024 U.S. News & World Report Best Colleges rankings, and is home to hundreds of student-veterans who served their country before becoming Tar Heels.

The Orange County Veterans Day Celebration featured a joint ceremony with representatives from the University of North Carolina at Chapel Hill and Orange County leaders on November 11, 2022, at the Seymour Center in Chapel Hill. In this image, members of University's ROTC programs salute during the pledge of allegiance.

"Omar" Authors Win 2023 Pulitzer Prize in Music

"Omar", an opera from Southern Futures at Carolina Performing Arts Artist-in-Residence Rhiannon Giddens and acclaimed composer Michael Abels, won the 2023 Pulitzer Prize in music. This marks the first time a work co-commissioned and co-produced by Carolina Performing Arts has won this distinguished national honor.

"Omar" is based on the life of Omar ibn Said, a West African scholar who spent over half a century enslaved to a prominent North Carolina family. Upon his death, Said left behind a collection of Arabic-language documents, including an 1831 autobiography that informs much of the opera's content. Some of these materials now reside in Wilson Library.

Photo by Kent Corley from the Carolina Performing Arts performance of "Omar."

Carolina Community Academy Opens in Person County

In partnership with Person County Schools, the University launched Carolina Community Academy – an innovative school for K-2 students at North Elementary School in Roxboro – to serve the students, families and community in Person County.

The academy functions as a classroom setting similar to many others found throughout the state while working to integrate evidence-based classroom practices and innovative approaches, improved and integrated curriculum, social-emotional learning, and robust wraparound services to best support the students. Designed as a "school with a school", the Carolina Community Academy provides a seamless transition for students at North Elementary. After finishing second grade at the academy, students will simply move down the hall to begin third grade with the same classmates at North Elementary.

Led by the UNC School of Education, the Carolina Community Academy brings together schools and units from across the UNC-Chapel Hill campus, drawing upon a range of academic and professional strengths, to ensure each student reaches their maximum potential.

The North Carolina General Assembly passed a law in 2016 that directed the UNC System to create nine laboratory schools in partnership with public school districts. Carolina Community Academy is the ninth to open across the state.

School of Education to Launch Collaborative Teacher-Shortage Program

Teach In Person, a new grow-your-own teacher pipeline effort, will launch in fall 2023 through a collaboration between the School of Education, Person County Schools and Piedmont Community College.

The program will support Person County students interested in pursuing a career in teaching through the creation of a new pathway from Person County Schools to Piedmont Community College to UNC-Chapel Hill and then back to a Person County classroom.

The program will draw upon resources from all three institutions and culminate with an undergraduate degree through the School of Education's Human Development and Family Science program followed by a 12-month Master of Arts in Teaching program.

Chancellor Kevin M. Guskiewicz and UNC School of Education Dean Fouad Abd-El-Khalick meet kindergarten teacher Takeima Ricks at North Elementary School in Roxboro, N.C..

Students in the Carolina Global Launch program explore the neighborhoods of Granada, Spain, on September 27, 2022, prior to the start of their fall semester classes at Universidad de Granada.

Global Guarantee Thrives as More Students Seek a Global Education

The Global Guarantee is Carolina's commitment to make a global education available to all students through a variety of opportunities, including study abroad, Collaborative Online International Learning (COIL) courses, language and area studies, virtual global research and internships, on-campus global programs and events, and globally oriented courses.

Launched in 2019, this commitment is embedded in the Globalize pillar of the University's strategic plan, Carolina Next: Innovations for Public Good, and participation in global education programs is now thriving. Fall 2022 involvement in study abroad reached 110% of pre-pandemic levels with more than 2,000 Tar Heels participating, more than any previous year.

Carolina's COIL program has also grown since its 2020 inception. COIL allows faculty members in different countries to connect their courses virtually, providing students with cross-cultural learning opportunities. Fifty Carolina faculty have implemented this model since the program's launch.

New Mental Health Initiative Focuses on Suicide Prevention

The Carolina Across 100 is partnering with the UNC Suicide Prevention Institute to lower the number of suicides in North Carolina. Suicide is the second leading cause of death for youth ages 10 to 18 in the state and the third leading cause of death for those ages 19 to 34.

The yearlong program will facilitate a cohort of cross-sector community collaboratives focused on implementing strategies to prevent suicide and suicidal ideation and improve resources available for mental and behavioral health.

Participating communities will engage a broad array of organizations, including local government agencies, school systems, institutes of higher education, health care providers as well as faith- and community-based organizations. They will work together to identify community needs and target populations, align existing resources and programs, and develop plans to implement evidence-based prevention strategies.

Winter Commencement on Dec. 11, 2022 at the Dean E. Smith Center.

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Chancellor's Cabinet and Organizational Chart

As of June 30, 2023

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Chancellor

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Vice Chancellor for Institutional Integrity and Risk Management

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Vice Provost for Equity and Inclusion and Chief Diversity Officer

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Director of Athletics

OPEN
President, General Alumni Association

Kamrhan Farwell
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Dean, The Graduate School

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

Becci Menghini
Vice Chancellor for Human Resources and Equal Employment Opportunity

Dawn Osborne-Adams
University Ombuds

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

Jackie Quay
Interim Executive Director, Innovate Carolina

Barbara Stephenson
Vice Provost for Global Affairs

Dean Weber
Chief Audit Officer, Office of Internal Audit

James White
Dean, College of Arts & Sciences

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Chancellor
The University of North Carolina
at Chapel Hill

Mike Andreasen
Vice Chancellor for
University Development

George Battle III
Vice Chancellor for Institutional
Integrity and Risk Management

Wesley Burks
Vice Chancellor for
Medical Affairs

Lawrence "Bubba" Cunningham
Director of Athletics

Kamrhan Farwell
Vice Chancellor for
Communications

Nathan Knuffman
Vice Chancellor for
Finance and Operations

Charles Marshall
Vice Chancellor
and General Counsel

Chris McClure
Chief Strategic Officer and
Secretary for the University

Becci Menghini
Vice Chancellor for Human
Resources and EOC

Jackie Quay
Interim Executive Director and
Chief Innovation Officer

Chris Clemens
Executive Vice Chancellor
and Provost

Michael Barker*
Vice Chancellor for
Information Technology and CIO

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

Rachelle Feldman*
Vice Provost for Enrollment

Penny Gordon-Larsen*
Interim Vice Chancellor
for Research

Amy Johnson*
Vice Chancellor for
Student Affairs

Dawn-Osborne Adams
University Ombuds

Michael Piehler
Chief Sustainability Officer

Dean Weber**
Chief Audit Officer

Christi Hurt
Chief of Staff
to the Chancellor

OPEN
President,
General Alumni Association

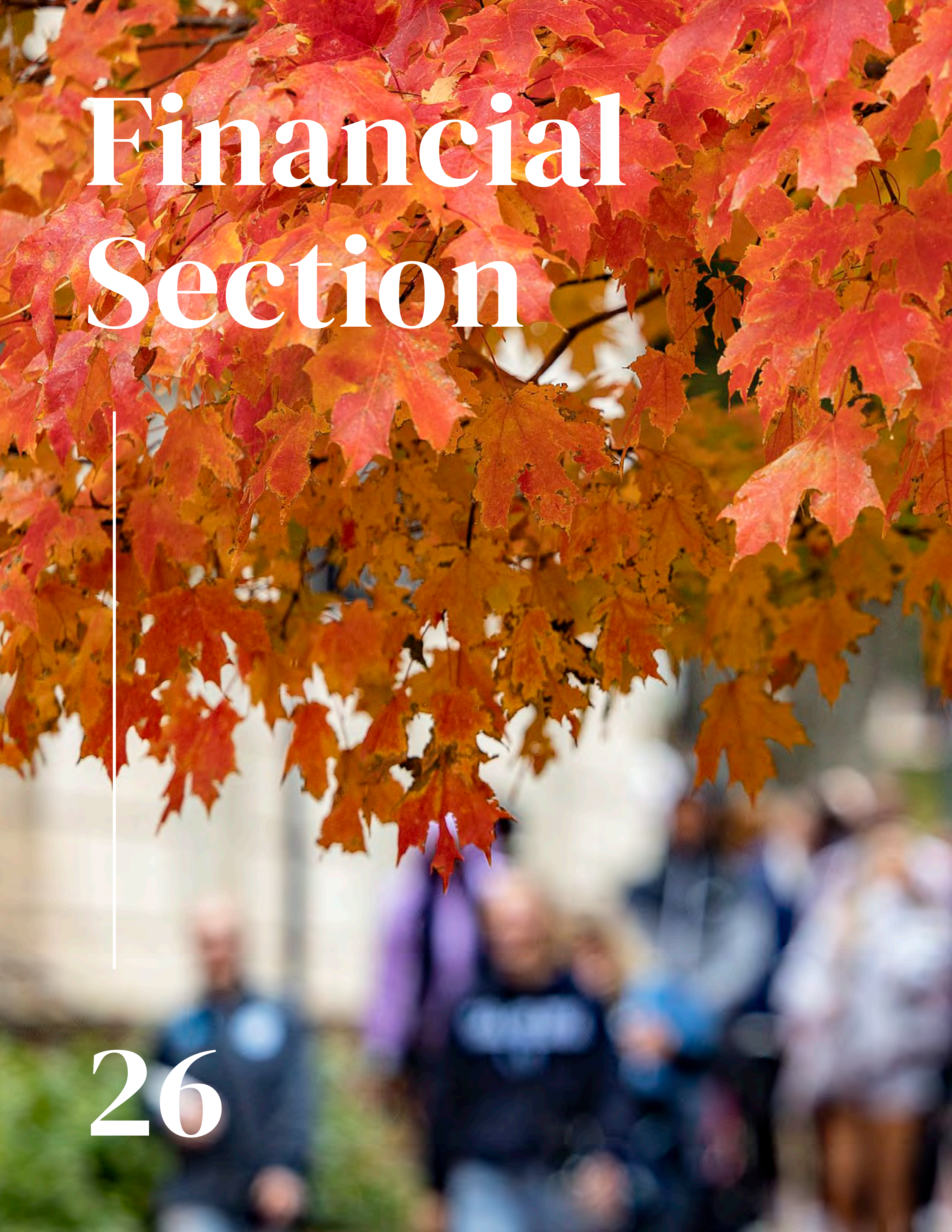
Beth Moracco
Chair of the Faculty

Katie Musgrove
Chair of the Employee Forum

As of June 30, 2023

* Dual report to the Chancellor and Provost.
** Dual report to the Chancellor and Board of Trustees.

Financial Section



Autumn leaves on the campus of UNC-Chapel Hill.

STATE OF NORTH CAROLINA

Office of the State Auditor

Beth A. Wood, CPA
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, 2023, 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, 2023, 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 8 percent of the assets 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, 2023 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, 2023

The Old Well.

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, 2023, with comparative information for the fiscal year ended June 30, 2022. 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 78 bachelor's, 113 master's, 66 doctorate, and seven professional degree programs through 15 schools and the College of Arts and Sciences. A total of 31,705 undergraduate, graduate, and professional students learn from a faculty of 4,174.

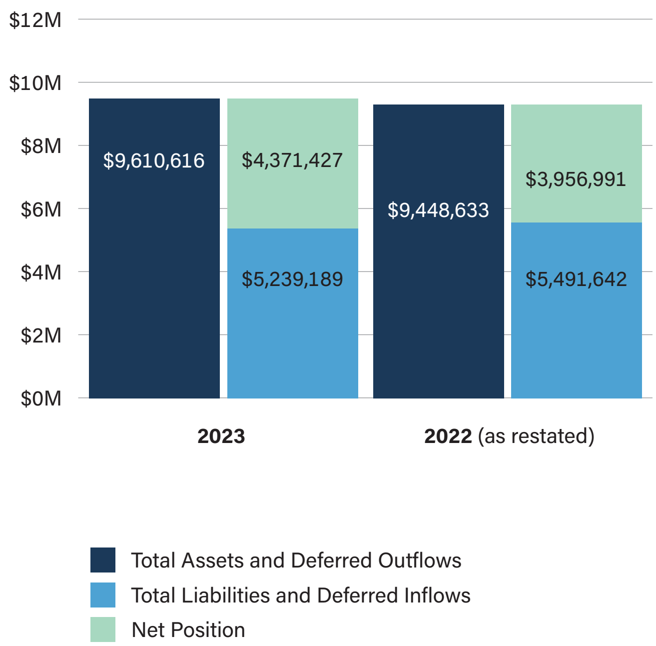
The financial reporting entity for the financial statements is comprised of the University and its component units. Certain component units are reported as if they were part of the University, and others are reported as discretely presented component units based on the nature and significance of their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

Financial Overview

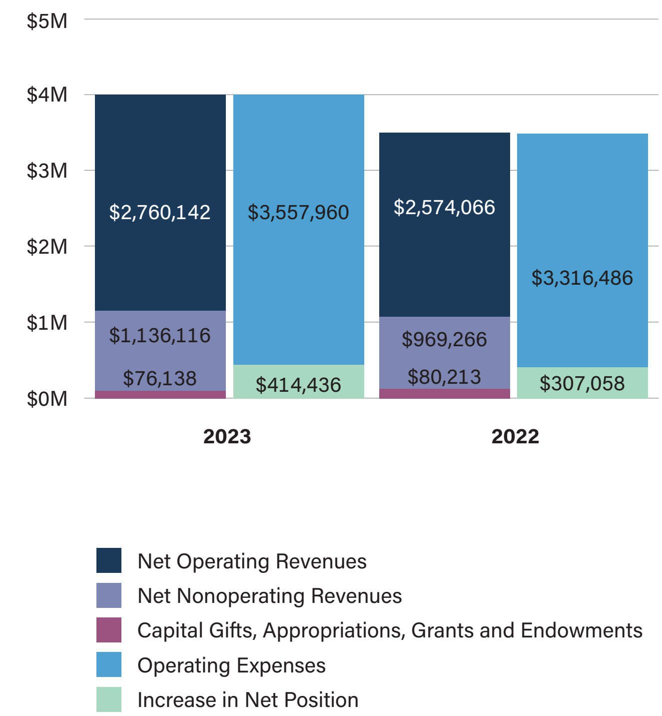
The University maintained its stable financial position at June 30, 2023. The current ratio at June 30, 2023 was 4.0 times, compared to 4.2 times at June 30, 2022, as restated. Net position, which represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources, was $4.4 billion at June 30, 2023, up from $4.0 billion at June 30, 2022. The University's total assets and deferred outflows of resources were $9.6 billion, and the total liabilities and deferred inflows were $5.2 billion at June 30, 2023.

A comparison of the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2023, and June 30, 2022, 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 $414.4 million at June 30, 2023, 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*
- *Statement of Revenues, Expenses, and Changes in Net Position*
- *Statement of Cash Flows*
- *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, 2023 and June 30, 2022, as restated:

Condensed Statement of Net Position
Dollars in thousands

	2023	2022 (as restated)	Percent Change
Assets:			
Current Assets	$ 2,377,370	$ 2,299,923	3.4
Noncurrent Assets:			
Endowment and Other Investments	3,150,747	3,118,310	1.0
Capital Assets, Net	3,084,170	3,105,071	(0.7)
Other Noncurrent Assets	257,588	240,618	7.1
Total Assets	**8,869,875**	**8,763,922**	**1.2**
Total Deferred Outflows of Resources	**740,741**	**684,711**	**8.2**
Liabilities:			
Current Portion of Long-Term Liabilities	148,333	153,480	(3.4)
Other Current Liabilities	441,125	395,876	11.4
Noncurrent Liabilities:			
Long-Term Liabilities, Net	3,737,662	3,967,708	(5.8)
Other Noncurrent Liabilities	84,695	104,403	(18.9)
Total Liabilities	**4,411,815**	**4,621,467**	**(4.5)**
Total Deferred Inflows of Resources	**827,374**	**870,175**	**(4.9)**
Net Position:			
Net Investment in Capital Assets	1,620,668	1,627,311	(0.4)
Restricted	3,372,668	3,277,322	2.9
Unrestricted	(621,909)	(947,642)	(34.4)
Total Net Position	**$4,371,427**	**$3,956,991**	**10.5**

Current Assets and Liabilities

As derived from the Statement of Net Position, working capital was $1.8 billion at June 30, 2023, consistent with June 30, 2022. Working capital is defined as current assets less current liabilities. Current assets were $2.4 billion at June 30, 2023, up from $2.3 billion at June 30, 2022, primarily attributable to an increase in short-term investments and receivables. These accounts increased mainly due to increases in auxiliary revenues, patient service revenues, and amounts received from the health care system further discussed in the operating revenues section below.

Endowment and Other Investments

Investment assets — Total endowment and other investments were $3.2 billion at June 30, 2023 which represents an increase of 1.0% from June 30, 2022. This increase 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, 2023, the distribution rate was 4.2%.

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 fiscal year 2023, UNC Investment Fund recorded a -0.4% investment return, compared to an investment return of 4.4% for fiscal year 2022. The Fund's fiscal year 2023 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 8.6% for fiscal year 2023), and also failed to exceed the Strategic Investment Policy Portfolio (SIPP) benchmark return of 3.6% for fiscal year 2023. For the fiscal year, five of the Fund's seven primary asset classes generated positive returns and three exceeded their respective SIPP benchmarks. UNCIF performance returns were calculated prior to the annual fair value positive adjustment of $185 million. This adjustment is a result of UNC Investment Fund's receipt of additional June 30, 2023 valuation statements from external investment managers after the date the fiscal year 2023 return of UNCIF was finalized. Of this $185 million positive adjustment, $59.5 million was recognized by the University.

Over a longer-term time horizon, UNCIF's five-year annualized performance of 10.3% surpassed its SIPP benchmark return of 8.4% and met 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 9.7% also surpassed its SIPP benchmark return of 7.9% 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 8.2% for the period). Over the last 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 fiscal year 2023 the University completed the renovation of the Morehead Chemistry teaching lab, Marsico Hall MEP System, and an upgrade of the parking lot off Paul Hardin Drive. In addition, the University received donations from the Educational Foundation benefiting Athletics for the women's basketball locker room renovation.

Major projects under construction include the School of Medicine's Medical Education Building and the Kenan-Flagler's Business School McColl Building addition and renovation.

Current projects in design are Porthole Alley Redevelopment, School of Nursing's Carrington Hall renewal, and the chilled water infrastructure upgrade.

A summary of changes in capital assets is disclosed in Note 6 - Capital Assets, net of accumulated depreciation and amortization, at June 30, 2023 and June 30, 2022, were as follows:

Capital Assets

Dollars in thousands

	2023	2022 (as restated)	Percent Change
Capital Assets:			
Construction in Progress	$196,920	$136,843	43.9
Land and Other Nondepreciable Assets	250,902	244,766	2.5
Buildings, Net	1,896,558	1,977,163	(4.1)
General Infrastructure, Net	413,387	431,594	(4.2)
Machinery, Equipment, and Computer Software, Net	214,392	201,432	6.4
Right-to-Use Land and Buildings, Net	96,914	99,834	(2.9)
Right-to-Use Subscription Assets, Net	15,097	13,439	12.3
Total	**3,084,170**	**3,105,071**	**(0.7)**

Capital financing — During fiscal year 2023, the University continued to 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.

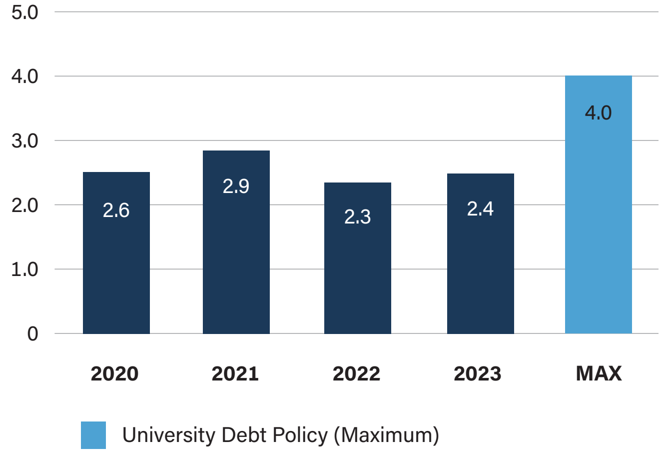
The University began fiscal year 2023 with a zero balance in commercial paper and issued $19.0 million in commercial paper debt to fund the Medical Education Building and the Translational Research Building. The balance of commercial paper debt was $19.0 million at June 30, 2023.

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 9 - 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 12 – Net Position for additional information. Each ratio is compared to the University's debt policy standard.

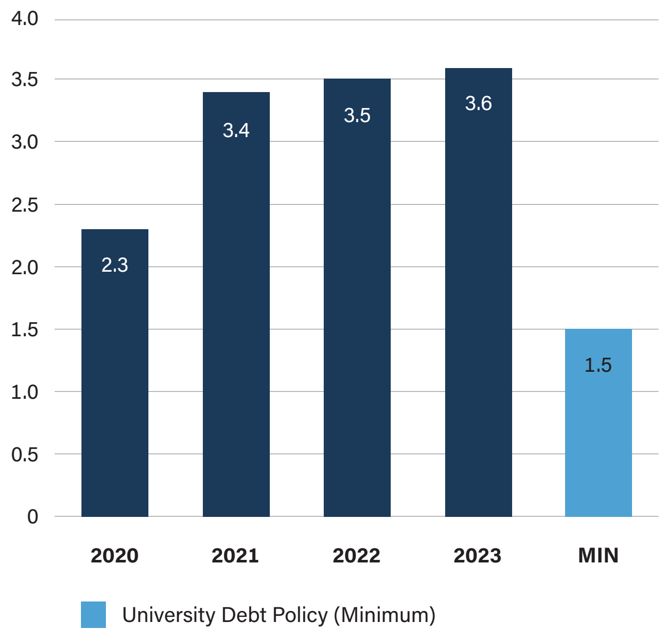
Debt Service to Operations

Percent



Expendable Resources to Debt

Times



At June 30, 2023, the expendable resources to debt ratio was 3.6 times, and the debt service to operations ratio was 2.4%. 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 $374.1 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, 2023.

The University continues to maintain its long-term bond ratings of Aaa/AAA/AAA from Moody's Investor Services, Standard & Poor's Global Ratings, and Fitch Ratings, respectively

Other Noncurrent Assets and Liabilities

Other noncurrent assets were $257.6 million at June 30, 2023, and $240.6 million at June 30, 2022, reflecting a 7.1% increase, primarily in cash. Other noncurrent assets include restricted cash and cash equivalents, receivables, notes receivable, leases receivable, and beneficial interest in assets held by others.

Total noncurrent liabilities were $3.8 billion at June 30, 2023. For more information, refer to Note 9 – Long-term Liabilities.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources were $740.7 million at June 30, 2023, and $684.7 million at June 30, 2022. The 8.2% increase was driven primarily by an increase in deferred outflows related to pensions. This is a result of a difference between projected and actual earnings on pension plan investments.

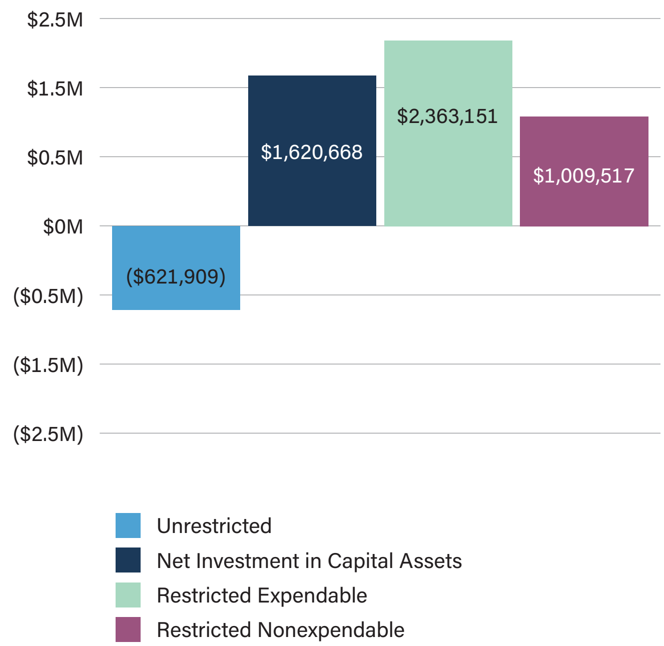
Deferred inflows of resources were $827.4 million at June 30, 2023, and $870.2 million at June 30, 2022, reflecting a 4.9% decrease. This decrease was a result of a decrease in deferred inflows related to pensions offset by an increase in the deferred inflows related to OPEB. The decrease in deferred inflows is attributable to a difference between projected and actual earnings on pension plan investments. The increase in deferred inflows related to OPEB is due to an increase in the discount rate.

For additional information about the University's deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, refer to Notes 15 and 16, respectively.

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 10.5% from $4.0 billion as of June 30, 2022, to $4.4 billion as of June 30, 2023, driven by strong grant activity, recovery in operating revenues previously impacted by COVID-19 including patient services, along with positive investment income.

2023 Net Position: $4,371,427
Dollars in thousands



The Forest Theatre.

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, 2023 and the prior year are summarized as follows:

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

	2023	2022	Percent Change
Operating Revenues:			
Student Tuition and Fees, Net	$479,786	$464,123	3.4
Grants and Contracts	1,105,405	1,019,720	8.4
Sales and Services, Net	1,161,552	1,079,649	7.6
Other Operating Revenues	13,399	10,573	26.7
Total Operating Revenues	**2,760,142**	**2,574,065**	**7.2**
Operating Expenses	**3,557,960**	**3,316,486**	**7.3**
Operating Loss	**(797,818)**	**(742,421)**	**7.5**
Nonoperating Revenues (Expenses):			
State Appropriations	622,040	587,593	5.9
Student Financial Aid	45,983	42,736	7.6
COVID-19 Relief Funding	26,256	108,988	(75.9)
Noncapital Contributions, Net	349,535	343,242	1.8
Investment Income (Loss), Net	144,153	(63,588)	(326.7)
Interest and Fees on Debt	(51,314)	(50,915)	0.8
Other Nonoperating Revenues (Expenses)	(537)	1,210	(144.4)
Net Nonoperating Revenues	**1,136,116**	**969,266**	**17.2**
Income Before Other Revenues	**338,298**	**226,845**	**49.1**
Capital Contributions	24,895	40,434	(38.4)
Additions to Permanent Endowments	51,243	39,780	28.8
Increase in Net Position	**414,436**	**307,059**	**35.0**
Net Position — July 1	**3,956,991**	**3,649,932**	**8.4**
Net Position — June 30	**$4,371,427**	**$3,956,991**	**10.5**

Fiscal year 2022-2023 revenues and other changes total $4,024,247 and expenses total $3,609,811.

Fiscal year 2021-2022 revenues and other changes total $3,738,048 and expenses total $3,430,989.

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 fiscal year 2023 increased 3.4% over the prior year. This was driven by increases in the Study Abroad, Continuing Education and Executive Education programs.

Grants and contracts revenues from sponsored projects increased approximately 8.4% from fiscal year 2022 to fiscal year 2023. Sponsored program 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 $535 million, which was down from the fiscal year 2022 total of $570 million. NIH's strong and ongoing support reflects positively on the University's health-related professional schools, UNC Health 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 $34.8 million, the U.S. Department of Defense at $29.5 million, the U.S. Agency for International Development (USAID) at $21.9 million, and the U.S. Department of Education at $20 million.

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 patient services provided by professional healt care clinics. Sales and services (net) increased 7.6% in fiscal year 2023 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 $3.6 billion for the fiscal year ended June 30, 2023, an increase of 7.3% from the prior year.

Operating Expenses by Natural Classification
Dollars in thousands

	2023	2022	Percent Change
Salaries and Benefits	$1,921,677	$1,806,973	6.3
Supplies and Services	1,234,892	1,107,498	11.5
Scholarships and Fellowships	109,903	132,926	(17.3)
Utilities	94,073	82,906	13.5
Depreciation/Amortization	197,415	186,183	6.0
Total Operating Expenses	**$3,557,960**	**$3,316,486**	**7.3**

Salaries and benefits increased 6.3% driven by hiring in the School of Medicine. Supplies and services increased 11.5% as COVID-19 restrictions continued to be relaxed allowing for travel and in-person meetings to resume. Also, the University saw increases in Office of Sponsored Projects subcontract expense driven by an increase in grant awards. In addition, the expansion of the School of Medicine's Faculty Practice into the Wilmington area drove an increase in contracted services expense. Scholarships and fellowships decreased 17.3% since the Higher Education Emergency Relief Fund distributions were completed in fiscal year 2022. Higher utilities costs increased utilities expenses 13.5%. Depreciation and amortization increased 6.0% driven by the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

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 $622.0 million for fiscal year 2023, an increase of 5.9% from the $587.6 million received during the prior year. This increase helped to support salary and benefit rate adjustments, enrollment growth, and new state aid for opioid abatement.

COVID-19 relief funding decreased 75.9% as the Higher Education Emergency Relief Funds were allocated and spent mostly in fiscal year 2022.

Investment income was $144.2 million, compared to the fiscal 2022 loss of $63.6 million. Refer to the Endowment Performance subsection 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.

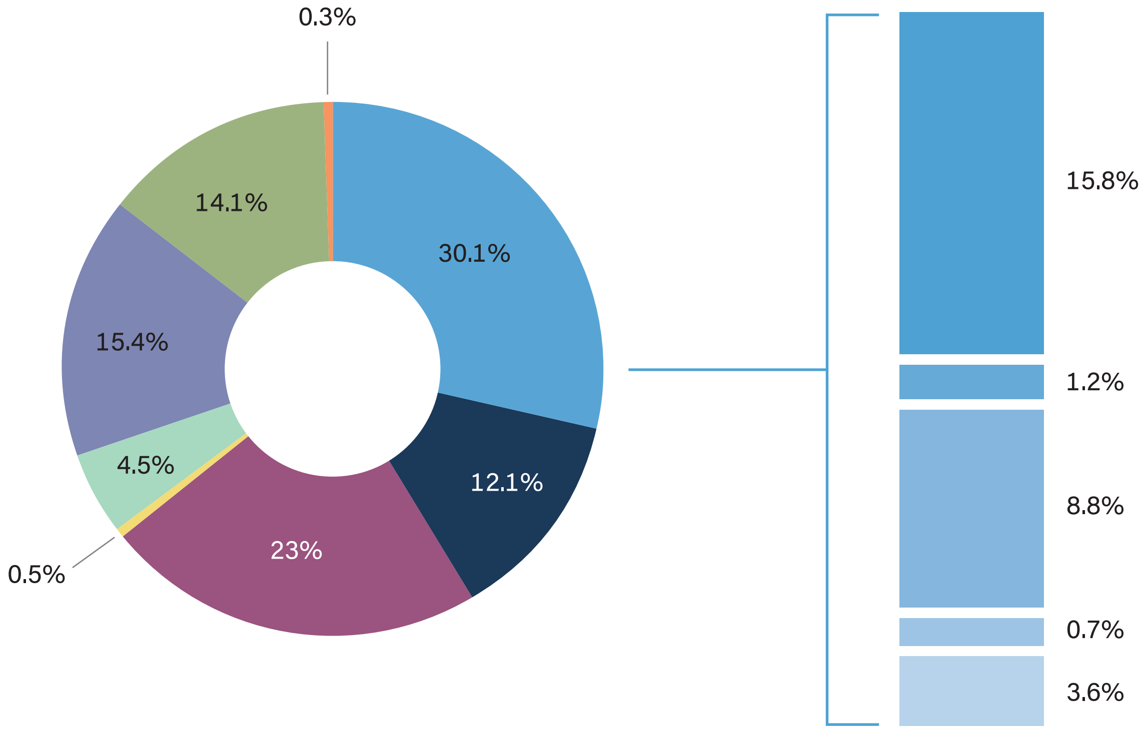
Manning Hall.

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 totaled $3.9 billion for fiscal year 2023. As seen in the chart, the University has a diversified revenue base.

2023 Revenues by Source: $3,948,109

Dollars in thousands



- Student Tuition and Fees, Net — $479,786
- Federal Grants and Contracts — $908,048
- State and Local Grants and Contracts — $21,175
- Nongovernmental Grants and Contracts — $176,182
- Patient Services, Net — $606,183
- Sales and Services, Net — $555,370
- Other Operating Revenues — $13,398
- Other — $1,187,967

- State Appropriations — $622,040
- Student Financial Aid — $45,983
- Noncapital Contributions, Net — $349,535
- COVID Funding — $26,256
- Investment Income, Net — $144,153

Other Changes in Net Position

Capital contributions decreased from $40.4 million in fiscal year 2022 to $24.9 million in 2023. In fiscal year 2022 the University received $20 million in capital grants to fund the Medical Education Building.

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 research.

Tuition rates for fiscal year 2023 remained consistent for undergraduate resident students for the sixth consecutive year. Under a North Carolina state law effective fall 2016, students classified as North Carolina residents for tuition purposes in undergraduate degree programs at UNC System schools are eligible for fixed tuition for up to eight consecutive semesters (or ten semesters, if enrolled in an approved five-year program).

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 fiscal year 2024 are budgeted at $614 million. The legislative approved certification funds and salary increase, along with 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 2024 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 $1.0 billion in extramural support for the fourth consecutive year in fiscal year 2023. University research has contributed to more than 300 University startup companies located in North Carolina. Those startups provide nearly 9,000 jobs to North Carolina state residents and employ 72,000 worldwide while bringing in $10.5 billion in revenue back to the state each year. 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.

The Campaign for Carolina came to a close midway through fiscal year 2023, but Carolina donors remained generous in their support of the University with commitments totaling $587 million to advance student opportunities, faculty research and scholarship, and initiatives benefiting our state and our world. More than 61,000 donors made gifts, and four areas on campus had their best fundraising years ever: the Institute for the Environment, the School of Education, the School of Nursing, and the School of Social Work.

Investment income provides an important source of earnings to support the University's mission. Approximately $3.2 billion is invested with the UNC Investment Fund to achieve long-term investment objectives. The UNC Investment Fund does not seek to eliminate risk, but to balance volatility and expected return through investments in diverse asset classes 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.

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.

According to Moody's Investor Service Outlook – Higher Education – US, December 2022, operating revenue growth remained constrained in 2023 and significantly trailed inflation. High inflation, a tight labor market and the return to pre-pandemic operations will drive expenses materially higher. The University will also continue to face pressure on its ability to recruit and retain top faculty and staff at competitive salaries and benefits. Effective budget management and commitment to financial health will fortify the University as it remains dedicated to its mission.

Moody's, S&P Global Ratings, 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.

Financial Statements

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Statement of Net Position - Proprietary Funds

June 30, 2023

Assets	
Current Assets:	
Cash and Cash Equivalents	$764,143,930
Restricted Cash and Cash Equivalents	445,624,476
Short-Term Investments	527,786,593
Restricted Short-Term Investments	165,675,362
Receivables, Net (Note 5)	326,914,554
Due from Primary Government	3,197,381
Due from State of North Carolina Component Units	95,088,618
Inventories	20,083,419
Notes Receivable, Net (Note 5)	4,101,490
Leases Receivable (Note 11)	1,054,815
Other Assets	23,699,784
Total Current Assets	**2,377,370,422**
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	153,917,169
Receivables, Net (Note 5)	65,626,900
Endowment Investments	3,083,317,961
Other Investments	48,635,658
Notes Receivable, Net (Note 5)	28,452,492
Investment in Joint Ventures (Note 20)	18,792,942
Leases Receivable (Note 11)	8,462,912
Beneficial Interest in Assets Held by Others	1,127,895
Capital Assets - Nondepreciable (Note 6)	447,822,803
Capital Assets - Depreciable, Net (Note 6)	2,636,347,522
Total Noncurrent Assets	**6,492,504,254**
Total Assets	**$8,869,874,676**

Deferred Outflows of Resources	
Accumulated Decrease in Fair Value of Hedging Derivatives	$51,273,984
Deferred Loss on Refunding	7,906,962
Deferred Outflows Related to Pensions (Note 15)	297,822,314
Deferred Outflows Related to Other Postemployment Benefits (Note 16)	383,737,828
Total Deferred Outflows of Resources	**$740,741,088**

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

Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	$223,641,298
Due to Primary Government	9,943,053
Due to State of North Carolina Component Units	16,712,576
Due to University Component Units	12,102,734
Deposits Payable	18,483,674
Funds Held for Others	1,295,247
Unearned Revenue	136,494,842
Interest Payable	3,451,488
Short-Term Debt (Note 8)	19,000,000
Long-Term Liabilities - Current Portion (Note 9)	148,333,024
Total Current Liabilities	**589,457,936**
Noncurrent Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	19,993,849
U.S. Government Grants Refundable	13,428,029
Hedging Derivative Liability	51,273,984
Long-Term Liabilities, Net (Note 9)	3,737,661,600
Total Noncurrent Liabilities	**3,822,357,462**
Total Liabilities	**$4,411,815,398**

Deferred Inflows of Resources	
Deferred Inflows for Irrevocable Split-Interest Agreements	$21,442,293
Deferred Inflows Related to Pensions (Note 15)	16,285,380
Deferred Inflows Related to Other Postemployment Benefits (Note 16)	780,324,979
Deferred Inflows for Leases	9,320,623
Total Deferred Inflows of Resources	**$827,373,275**

Net Position	
Net Investment in Capital Assets	**$1,620,667,898**
Restricted - Nonexpendable:	
Scholarships and Fellowships	315,885,356
Research	19,646,616
Endowed Professorships	430,365,873
Departmental Uses	172,669,939
Loans	26,559,171
Other	44,390,453
Total Restricted - Nonexpendable	**1,009,517,408**
Restricted - Expendable:	
Scholarships and Fellowships	469,257,674
Research	50,785,393
Endowed Professorships	852,156,346
Departmental Uses	781,400,149
Capital Projects	50,478,622
Other	159,073,078
Total Restricted - Expendable	**2,363,151,262**
Unrestricted	**(621,909,477)**
Total Net Position	**$4,371,427,091**

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

For the fiscal year ended June 30, 2023

Operating Revenues	
Student Tuition and Fees, Net (Note 13)	$479,785,894
Patient Services, Net (Note 13)	606,182,563
Federal Grants and Contracts	908,048,044
State and Local Grants and Contracts	21,174,746
Nongovernmental Grants and Contracts	176,182,025
Sales and Services, Net (Note 13)	555,369,742
Interest Earnings on Loans	2,446,787
Other Operating Revenues	10,952,060
Total Operating Revenues	**$2,760,141,861**

Operating Expenses	
Salaries and Benefits	$1,921,677,324
Supplies and Services	1,234,891,590
Scholarships and Fellowships	109,903,091
Utilities	94,073,425
Depreciation/Amortization	197,414,702
Total Operating Expenses	**3,557,960,132**
Operating Loss	**($797,818,271)**

Nonoperating Revenues (Expenses)	
State Appropriations	$622,039,924
State Aid - Coronavirus	13,250,416
Student Financial Aid	45,982,914
Federal Aid - COVID-19	13,006,279
Noncapital Contributions, Net (Note 13)	349,535,099
Investment Income (Net of Investment Expense of $7,828,028)	144,152,820
Interest and Fees on Debt	(51,313,948)
Other Nonoperating Revenues (Expenses)	(537,224)
Net Nonoperating Revenues	**1,136,116,280**
Income Before Other Revenues	**338,298,009**
Capital Contributions	24,895,203
Additions to Endowments	51,243,269
Total Other Revenues	**76,138,472**
Increase in Net Position	**$414,436,481**

Net Position	
Net Position — July 1, 2022	**$3,956,990,610**
Net Position — June 30, 2023	**$4,371,427,091**

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, 2023

Cash Flows from Operating Activities	
Received from Customers	$2,743,970,996
Payments to Employees and Fringe Benefits	(2,219,152,268)
Payments to Vendors and Suppliers	(1,316,324,526)
Payments for Scholarships and Fellowships	(109,903,091)
Loans Issued	(5,014,403)
Collection of Loans	4,581,903
Interest Earned on Loans	2,402,198
William D. Ford Direct Lending Receipts	184,212,987
William D. Ford Direct Lending Disbursements	(184,212,987)
Related Activity Agency Receipts	1,290,248
Related Activity Agency Disbursements	(1,410,902)
Other Receipts	11,768,331
Net Cash Used by Operating Activities	**($887,791,514)**

Cash Flows from Noncapital Financing Activities	
State Appropriations	$622,039,924
State Aid - Coronavirus	23,193,469
Student Financial Aid	44,400,678
Federal Aid - COVID-19	13,006,279
Noncapital Contributions	304,077,030
Additions to Endowments	51,243,269
Net Cash Provided by Noncapital Financing Activities	**$1,057,960,649**

Cash Flows from Capital Financing And Related Financing Activities	
Proceeds from Capital Debt	$19,000,000
Capital Contributions	19,032,503
Proceeds from Lease Arrangements	2,755,627
Acquisition and Construction of Capital Assets	(134,245,289)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(84,624,075)
Interest and Fees Paid on Capital Debt and Lease/ Subscription Liabilities	(52,417,002)
Net Cash Used by Capital Financing and Related Financing Activities	**($230,498,236)**

Cash Flows from Investing Activities	
Proceeds from Sales and Maturities of Investments	$362,698,836
Investment Income	15,108,164
Purchase of Investments and Related Fees	(335,986,295)
Net Cash Provided by Investing Activities	**$41,820,705**
Net Decrease in Cash and Cash Equivalents	**($18,508,396)**
Cash and Cash Equivalents — July 1, 2022	**$1,382,193,971**
Cash and Cash Equivalents — June 30, 2023	**$1,363,685,575**

Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	**($797,818,271)**
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	197,414,702
Lease Income (Amortized Deferred Inflows of Resources)	(2,791,917)
Allowances and Write-Offs	13,930,273
Other Nonoperating Income	3,648,322
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(15,181,623)
Due from Primary Government	506,018
Due from State of North Carolina Component Units	(6,706,277)
Inventories	513,701
Notes Receivable, Net	(493,866)
Net Other Postemployment Benefits Asset	1,157,640
Other Assets	(5,071,420)
Deferred Outflows Related to Pensions	(136,295,105)
Deferred Outflows Related to Other Postemployment Benefits	62,347,261
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	7,551,524
Funds Held for Others	(120,654)
Unearned Revenue	5,092,203
Annuities and Life Income Payable	(40,134)
Net Pension Liability	311,311,328
Net Other Postemployment Benefits Liability	(495,018,567)
Compensated Absences	11,657,697
Deposits Payable	(5,868)
Workers' Compensation Liability	(1,151,926)
Deferred Inflows Related to Pensions	(178,136,517)
Deferred Inflows Related to Other Postemployment Benefits	135,909,962
Net Cash Used by Operating Activities	**($887,791,514)**

Noncash Investing, Capital, and Financing Activities	
Assets Acquired through the Assumption of a Liability	$40,591,745
Assets Acquired through a Gift	5,862,700
Change in Fair Value of Investments	124,118,228
Loss on Disposal of Capital Assets	(4,721,453)
Amortization of Bond Premiums/Discounts	(1,993,037)
Amortization of Deferred Loss on Refunding	658,913
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(12,942,027)
Increase in Receivables Related to Nonoperating Revenues	34,044,071

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

Statement of Fiduciary Net Position - Custodial Funds

June 30, 2023

Assets	External Investment Pool Funds	Other Funds	Total Custodial Funds
Cash and Cash Equivalents	$0	$63,028,419	**$63,028,419**
Accounts Receivable		176,742	**176,742**
Other Assets		560,666	**560,666**
Investments (Note 2):			
Pooled Investment Funds	6,441,863,037		**6,441,863,037**
Other Investments		5,282,153	**5,282,153**
Total Assets	**$6,441,863,037**	**$69,047,980**	**$6,510,911,017**
Liabilities			
Accounts Payable and Accrued Liabilities (Note 7)	$3,434,766	$401,185	**$3,835,951**
Total Liabilities	**$3,434,766**	**$401,185**	**$3,835,951**
Net Position			
Restricted for:			
Pool Participants	$6,438,428,271	$0	**$6,438,428,271**
Individuals/Affiliated Organizations		68,646,795	**68,646,795**
Total Net Position	**$6,438,428,271**	**$68,646,795**	**$6,507,075,066**

Statement of Changes in Fiduciary Net Position - Custodial Funds

For the fiscal year ended June 30, 2023

Additions	External Investment Pool Funds	Other Funds	Total Custodial Funds
Contributions:			
Pool Participants	$154,708,388	$0	**$154,708,388**
Individuals/Other Organizations		23,079,078	**23,079,078**
Total Contributions	**154,708,388**	**23,079,078**	**177,787,466**
Investment Activity:			
Investment Income	305,704,222	103,092	**305,807,314**
Investment Expenses	(17,236,640)	(337,921)	**(17,574,561)**
Net Investment Income (Loss)	**288,467,582**	**(234,829)**	**288,232,753**
Total Additions	**$443,175,970**	**$22,844,249**	**$466,020,219**
Deductions			
Withdrawals and Distributions	$377,270,493	$10,834,521	**$388,105,014**
Increase in Fiduciary Net Position	**$65,905,477**	**$12,009,728**	**$77,915,205**
Net Position			
Net Position - July 1, 2022	**$6,372,522,794**	**$56,637,067**	**$6,429,159,861**
Net Position - June 30, 2023	**$6,438,428,271**	**$68,646,795**	**$6,507,075,066**

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, 2023

Assets	UNC-CH Arts and Sciences Foundation, Inc.	The Educational Foundation Scholarship Endowment Trust	UNC Health Foundation, Inc.
Current Assets:			
Cash and Cash Equivalents	$34,305,962	$16,711,321	$33,323,232
Accounts Receivable	3,633,851		
Accounts Receivable, Other		13,424	
Pledges Receivable, Net		14,090,590	
Promises to Give, Net	31,678,552		
Unconditional Promises to Give, Current Portion, Net			22,734,370
Contribution Receivable from Split-Interest Agreements		5,820,971	
Receivable from UNC Chapel Hill Foundation			3,375,511
Other Receivables	8,657		
Other Current Assets			1,512,501
Total Current Assets	**69,627,022**	**36,636,306**	**60,945,614**
Property and Equipment: Capital Assets, Net	5,605,633		310,623
Total Property and Equipment	**5,605,633**		**310,623**
Other Assets:			
Investments	444,859,285	353,558,052	497,734,459
Unconditional Promises to Give, less Current Portion, Net			13,445,981
Split-Interest Agreements	3,150,133		
Cash Surrender Value of Life Insurance		736,871	
Operating Lease Right-of-Use Asset			2,814,542
Other Assets			3,448,815
Total Other Assets	**448,009,418**	**354,294,923**	**517,443,797**
Total Assets	**$523,242,073**	**$390,931,229**	**$578,700,034**
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$0	$0	$2,023,817
Operating Lease Liability			462,131
Annuities Payable		16,001	
Current Portion of Loan Payable	181,467		
Total Current Liabilities	**181,467**	**16,001**	**2,485,948**
Long-Term Liabilities:			
Loan Payable	1,678,363		
Operating Lease Liability			2,591,303
Liabilities Under Charitable Remainder Trusts			52,218
Total Long-Term Liabilities	**1,678,363**		**2,643,521**
Total Liabilities	**$1,859,830**	**$16,001**	**$5,129,469**
Net Assets			
Without Donor Restrictions			
Undesignated	$5,127,025	$0	$13,672,164
Designated by the Board for Endowment	86,326,566		12,854,825
Invested in Property and Equipment			310,623
Total Net Assets Without Donor Restrictions	**91,453,591**		**26,837,612**
Total Net Assets With Donor Restrictions	**429,928,652**	**390,915,228**	**546,732,953**
Total Net Assets	**521,382,243**	**390,915,228**	**573,570,565**
Total Liabilities and Net Assets	**$523,242,073**	**$390,931,229**	**$578,700,034**

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, 2023

Support and Revenue	UNC-CH Arts and Sciences Foundation, Inc.	The Educational Foundation Scholarship Endowment Trust	UNC Health Foundation, Inc.
Support:			
Contributions	$29,998,225	$10,038,228	$50,115,739
Contribution of Nonfinancial Assets	4,384,913		
Administrative Fee	2,286,457		
Contributed Services			3,957,352
Change in Value of Split-Interest Agreements	15,610		111,251
Actuarial Adjustment of Annuities Payable		1,747	
Endowment Investment Return Designated for Current Operations		13,977,269	
Other Contributions		1,288,012	
Total Support	**36,685,205**	**25,305,256**	**54,184,342**
Revenue:			
Interest and Dividends			6,598,633
Net Investment Return	(4,932,214)		
Net Realized and Unrealized Gains on Investments			8,244,301
Other Income			2,073,002
Total Revenue	**(4,932,214)**		**16,915,936**
Total Support and Revenue	**$31,752,991**	**$25,305,256**	**$71,100,278**

Expenses			
Program Services	$22,169,386	$14,619,265	$50,174,193
Supporting Services:			
Fundraising	3,300,120	206,082	9,343,167
Membership Development		128,801	
Management, Administrative, and General	1,048,043	386,133	4,476,392
Total Supporting Services	**4,348,163**	**721,016**	**13,819,559**
Bad Debt	**808,419**		
Total Expenses and Bad Debt Expense	**$27,325,968**	**$15,340,281**	**$63,993,752**

Other Changes			
Endowment Investment Return, Net of Amounts Designated for Current Operations		($19,401,373)	

Changes in Net Assets			
Without Donor Restrictions	$2,167,094	$0	$1,101,888
With Donor Restrictions	2,259,929	(9,436,398)	6,004,638
Changes in Net Assets	**4,427,023**	**(9,436,398)**	**7,106,526**
Net Assets — Beginning of Year	**516,955,220**	**400,351,626**	**566,464,039**
Net Assets — End of Year	**$521,382,243**	**$390,915,228**	**$573,570,565**

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

Notes to the Financial Statements

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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 and invest collectively in investment 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 a board of directors consisting of 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 the members of the Board of Directors of the Management Company are officials of, 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 managing director that is appointed by the University. 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. The University is the sole member of Research Ventures and Research Ventures' primary purpose is to benefit the University, so 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 21.

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 the President of UNC Health Care, the President of the Corporation, the Vice Chancellor for University Development at UNC Chapel Hill, and the Associate Dean for Medical Alumni Affairs at UNC Chapel Hill (UNC School of Medicine). Of these only the Dean of the UNC School of Medicine has voting rights. 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 a 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, 2023, the UNC Health Foundation, Arts and Sciences Foundation, and Educational Foundation Trust distributed $71,975,921 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). 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.

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. The 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.

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.

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.

Right-to-use lease and subscription assets are recorded at the present value of payments expected to be made during the lease or subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Building or land lease liabilities are capitalized as intangible right-to-use assets when the lease asset has a cost of $5,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of $100,000 or greater and an estimated useful life of more than one year.

Amortization for right-to-use lease and subscription assets is computed using the straight-line method over the shorter of the lease/subscription term or the underlying asset's estimated useful life. If a lease agreement contains a purchase option the University is reasonably certain will be exercised, the intangible right-to-use lease 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: annuities and life income payable, lease liabilities, subscription liabilities, compensated absences, 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 2022 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 15 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 2022 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 16 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 12 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 custodial funds held directly by the University.

At June 30, 2023, the amount shown on the Statement of Net Position as cash and cash equivalents includes $1,174,337,141, 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 0.7 years as of June 30, 2023. 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.

Cash on hand at June 30, 2023 was $54,442. The carrying amount of the University's deposits not with the State Treasurer was $252,322,411 in sum, which is $189,293,992 for the proprietary fund and $63,028,419 for the fiduciary funds. The bank balance was $294,202,962. 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, 2023, $44,749,881 of the University's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

Deposit Reconciliation:

	Proprietary Fund	Fiduciary Fund	Total
Cash on Hand	$54,442	$0	**$54,442**
Deposits with Private Financial Institutions	189,293,992	63,028,419	**252,322,411**
Deposits in the Short-Term Investment Fund	1,174,337,141		**1,174,337,141**
Total Deposits	**$1,363,685,575**	**$63,028,419**	**$1,426,713,994**
Deposits			
Current:			
Cash and Cash Equivalents	$764,143,930	$0	**$764,143,930**
Restricted Cash and Cash Equivalents	445,624,476		**445,624,476**
Noncurrent:			
Restricted Cash and Cash Equivalents	153,917,169	63,028,419	**216,945,588**
Total Deposits	**$1,363,685,575**	**$63,028,419**	**$1,426,713,994**

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, 2023.

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, 2023:

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	$88,670,300	$88,670,300	$0	$0	$0
U.S. Agencies	35,443,381	583	9,185,872	4,665,991	21,590,935
Collateralized Mortgage Obligations	494,021			237,726	256,295
Asset-Backed Securities	847,671			318,536	529,135
Money Market Mutual Funds	14,337,143	14,337,143			
Total Debt Securities	**$139,792,516**	**$103,008,026**	**$9,185,872**	**$5,222,253**	**$22,376,365**
Other Securities:					
Domestic Stocks	30,000				
Total Temporary Pool Investments	**$139,822,516**				

The University has elected to invest $139,694,821 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, 2023, investments in the Temporary 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	35,443,381	$0	$35,443,381	$0	$0	$0	$0
Collateralized Mortgage Obligations	494,021			239,438	100,577	17,861	136,145
Asset-Backed Securities	847,671					529,135	318,536
Money Market Mutual Funds	14,337,143	14,337,143					
Totals	**$51,122,216**	**$14,337,143**	**$35,443,381**	**$239,438**	**$100,577**	**$546,996**	**$454,681**

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, 2023 are as follows:

Statement of Net Position
June 30, 2023

	Amount
Assets:	
Accrued Investment Income	$380,385
Chapel Hill Investment Fund	139,694,821
Investments	139,822,516
Total Assets	**279,897,722**
Total Liabilities	**-**
Net Position Restricted for Members:	
Internal Portion	195,260,888
External Portion	84,636,834
Total Net Position	**$279,897,722**

Statement of Operations and Changes in Net Position
For the fiscal year ended June 30, 2023

	Amount
Change in Net Position from Operations:	
Investment Activities: Investment Loss	($2,386,287)
Expenses: Investment Management	(21,855)
Net Decrease in Net Position Resulting from Operations	**(2,408,142)**
Share Transactions:	
Net Share Purchases	(70,003,000)
Total Decrease in Net Position	**(72,411,142)**
Net Position:	
Beginning of Year	352,308,864
End of Year	**$279,897,722**

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, 2023, the University's membership interest was approximately 50% of the UNC Intermediate Pool's total membership interests. An affiliated organization, not included in the University's reporting entity, held the remaining 50% 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, 2023:

UNC Intermediate Pool

		Investment Maturities (In Years)		
Investment Type	**Amount**	**Less than 1**	**1 to 5**	**6 to 10**
Debt Securities:				
U.S. Treasuries	$359,044,173	$359,044,173	$0	$0
Debt Mutual Funds	202,948,675		102,151,371	100,797,304
Money Market Mutual Funds	129,886,432	129,886,432		
Total Debt Securities	**$691,879,280**	**$488,930,605**	**$102,151,371**	**$100,797,304**
Other Securities:				
Credit Based Commingled Funds	80,172,589			
Total UNC Intermediate Pool Investments	**$772,051,869**			

The University has elected to invest $233,327,124 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, 2023, investments in the UNC Intermediate Pool had the following credit quality distribution for securities with credit exposure:

	Amount	**AAA, Aaa**	**A**	**BBB, Baa**
Debt Mutual Funds	$202,948,675	$0	$54,594,949	$148,353,726
Money Market Mutual Funds	129,886,432	129,886,432		
Totals	**$332,835,107**	**$129,886,432**	**$54,594,949**	**$148,353,726**

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.

Carroll Hall.

The following table presents the UNC Investment Fund investments by type and investments subject to interest rate risk at June 30, 2023:

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	$50,297,709	$50,297,709	$0	$0	$0
U.S. Agencies	11,361,461			2,570,284	8,791,177
Collateralized Mortgage Obligations	18,283,146		865,757	862,524	16,554,865
Asset-Backed Securities	29,393,892		2,258,963	22,605,293	4,529,636
Money Market Mutual Funds	336,104,666	336,104,666			
Total Debt Securities	**$445,440,874**	**$386,402,375**	**$3,124,720**	**$26,038,101**	**$29,875,678**
Other Securities:					
Domestic Stocks	$342,868,992				
Foreign Stocks	23,071,000				
Real Estate Investment Trust	90,729,976				
Long/Short Hedge Funds	1,429,193,232				
Diversifying Hedge Funds	829,807,731				
Hedge Funds in Liquidation	17,530,667				
Long Only Equity Hedge Funds	1,867,890,604				
Credit Based Commingled Hedge Funds	150,814,648				
Private Equity Limited Partnerships	4,358,336,448				
Real Assets Limited Partnerships	739,171,071				
Total UNC Investment Fund Investments	**$10,294,855,243**				

At June 30, 2023, 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	$11,361,461	$0	$11,361,461	$0	$0	$0	$0
Collateralized Mortgage Obligations	18,283,146		1,111,440	278,496	1,715,105	10,442,722	4,735,383
Asset-Backed Securities	29,393,892			525,902	330,050	24,472,138	4,065,802
Money Market Mutual Funds	336,104,666	336,104,666					
Totals	**$395,143,165**	**$336,104,666**	**$12,472,901**	**$804,398**	**$2,045,155**	**$34,914,860**	**$8,801,185**

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, 2023, the UNC Investment Fund's exposure to foreign currency risk is as follows:

Investment	**Currency**	**Amount (U.S. Dollars)**
Private Equity Limited Partnerships	Euro	$182,461,789
Real Assets Limited Partnerships	Euro	440,394
Hedge Funds	Euro	24,258,222
Total Euro		**207,160,405**
Private Equity Limited Partnerships	British Pound Sterling	81,880,906
Private Equity Limited Partnerships	Canadian Dollar	3,506,135
Private Equity Limited Partnerships	Australian Dollar	7,263
Total		**$292,554,709**

The UNC Investment Fund recognized an aggregate foreign currency transaction gain of $10,994,107 for the fiscal year ended June 30, 2023. 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, 2023, the UNC Investment Fund is invested in U.S. Dollar equity futures contracts with a fair value of $7,076,405. Disclosures are provided for these investments in Note 10 Derivative Instruments.

The University's reporting entity, including the three discretely presented component units, comprises approximately 43% 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, 2023, 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	$166,240	$0	$97,682	$68,558	$0
U.S. Agencies	37			37	
Mortgage Pass Throughs	10			10	
Collateralized Mortgage Obligations	40,276				40,276
Debt Mutual Funds	6,715,931	240,871	607,638	5,798,496	68,926
Money Market Mutual Funds	104,851	104,851			
Total Debt Securities	**$7,027,345**	**$345,722**	**$705,320**	**$5,867,101**	**$109,202**
Other Securities:					
Equity Mutual Funds	12,212,129				
Domestic Stocks	17,573,470				
International Mutual Funds	7,933,280				
Investments in Real Estate	6,536,174				
Gifted Life Insurance	3,037,291				
Real Estate Investment Trust	1,434,551				
Private Equity Limited Partnerships	24,781,526				
Total Non-Pooled Investments	**$80,535,766**				

At June 30, 2023, the University's non-pooled investments 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	$37	$0	$0	$0	$0	$37
Mortgage Pass Throughs	10					10
Collateralized Mortgage Obligations	40,276				35,961	4,315
Debt Mutual Funds	6,715,931	2,487,001	667,504		3,561,426	
Money Market Mutual Funds	104,851	104,851				
Totals	**$6,861,105**	**$2,591,852**	**$667,504**	**$0**	**$3,597,387**	**$4,362**

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

Foreign Currency Risk: At June 30, 2023, 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, 2023:

Investment Type	Amount
Debt Securities:	
U.S. Treasuries	$498,178,422
U.S. Agencies	46,804,879
Mortgage Pass Throughs	10
Collateralized Mortgage Obligations	18,817,443
Asset-Backed Securities	30,241,563
Debt Mutual Funds	209,664,606
Money Market Mutual Funds	480,433,092
Total Debt Securities	**1,284,140,015**
Other Securities:	
Equity Index/Mutual Funds	12,212,129
International Mutual Funds	7,933,280
Investments in Real Estate	6,536,174
Real Estate Investment Trusts	92,164,527
Long/Short Hedge Funds	1,429,193,232
Diversifying Hedge Funds	829,807,731
Hedge Funds In Liquidation	17,530,667
Long Only Equity Hedge Funds	1,867,890,604
Credit Based Commingled Hedge Funds	230,987,237
Private Equity Limited Partnerships	4,383,117,974
Real Assets Limited Partnerships	739,171,071
Gifted Life Insurance	3,037,291
Domestic Stocks	360,472,462
Foreign Stocks	23,071,000
Total Other Securities	**10,003,125,379**
Total Investments	**$11,287,265,394**

Curtis Media Center.

Total Investments Reconciliation:

	Amount
University Statement of Net Position:	
Short-Term Investments	$527,786,593
Restricted Short-Term Investments	165,675,362
Endowment Investments	3,083,317,961
Other Investments	48,635,658
Subtotal	**3,825,415,574**
Discretely Presented Component Units:	
Investments of UNC Investment Fund Held for Component Units that are Discretely Presented in Accompanying Financial Statements	1,043,463,348
Fiduciary Investments:	
Investments Presented in Accompanying Fiduciary Financial Statements	6,447,145,190
*Assets and Liabilities within Investment Pools:	
Cash and Cash Equivalents	(11,371)
Accrued Investment Income Receivable	(4,284,790)
Accounts Receivable - Pending Trade Settlements	(19,691,982)
Other Assets	(7,076,405)
AP / Accrued Expenses	2,305,830
Subtotal	**(28,758,718)**
Total Investments	**$11,287,265,394**

*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	$1,617,820
Common Stock	9,227,686
Private Equity Limited Partnerships and other Alternatives	49,246,246
Mutual Funds - Equity Oriented	97,960,412
Mutual Funds - Credit Oriented	39,644,105
Annuity Contracts	14,213,603
Government Securities and Corporate Fixed Income	41,314,367
Total Investments	**$253,224,239**

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, 2023. 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.

Students in front of Louis Round Wilson Library.

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 30,2023:

		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	$498,178,422	$498,178,422	$0	$0
U.S. Agencies	46,804,879		46,804,879	
Mortgage Pass Throughs	10		10	
Collateralized Mortgage Obligations	18,817,443		18,817,443	
Asset-backed Securities	30,241,563		30,241,563	
Debt Mutual Funds	209,664,606	209,664,606		
Money Market Mutual Funds	480,433,092	480,433,092		
Total Debt Securities	**1,284,140,015**	**1,188,276,120**	**95,863,895**	
Other Securities:				
International Mutual Funds	7,933,280	7,933,280		
Equity Mutual Funds	12,212,129	12,212,129		
Investments in Real Estate	6,536,174			6,536,174
Domestic Stocks	360,472,462	346,199,369		14,273,093
Foreign Stocks	23,071,000	22,954,410	116,590	
Gifted Life Insurance	3,037,291			3,037,291
Real Estate Investment Trust	90,734,347	90,734,347		
Total Other Securities	**503,996,683**	**480,033,535**	**116,590**	**23,846,558**
Total Investments by Fair Value Level	**$1,788,136,698**	**$1,668,309,655**	**$95,980,485**	**$23,846,558**

Investments Measured at the Net Asset Value (NAV)	**Fair Value**
Real Estate Investment Trusts	$1,430,180
Long/Short Hedge Funds	1,429,193,232
Diversifying Hedge Funds	829,807,731
Hedge Funds in Liquidation	17,530,667
Long Only Equity Hedge Funds	1,867,890,604
Credit Based Commingled Hedge Funds	230,987,237
Private Equity Limited Partnerships	4,383,117,974
Real Assets Limited Partnerships	739,171,071
Total Investments Measured at the NAV	**$9,499,128,696**

Investments as a Position in an External Investment Pool	**Fair Value**
Short-Term Investment Fund	$1,174,337,141
Total Investments Measured at Fair Value	**$12,461,602,535**

Derivative Instruments	**Fair Value**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Hedging Derivative Instruments:				
Pay-Fixed Interest Rate Swaps	($51,273,984)	$0	($51,273,984)	$0
Investment Derivative Instruments:				
Pay-Fixed Interest Rate Swap	(161,209)		(161,209)	
U.S. Dollar Equity Futures	7,076,405	7,076,405		
Total Derivative Instruments	**($44,358,788)**	**$7,076,405**	**($51,435,193)**	**$0**

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 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, 2023:

Investments Measured at the NAV

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)
Long/Short Hedge Funds A(b)	$1,429,193,232	$2,091,690	From 30 days to 3+ Years(1)
Diversifying Hedge Funds A(c)	829,807,731		From 30 days to 3+ Years(1)
Hedge Funds in Liquidation A(e)	17,530,667		From 30 days to 3+ Years(1)
Long Only Equity Hedge Funds A(a)	1,867,890,604		From 30 days to 3+ Years(1)
Credit-Based Commingled Hedge Funds A(d)	230,987,237		From 30 days to 3+ Years(1)
Private Equity Limited Partnerships B	4,383,117,974	1,378,628,355	Not Eligible(2)
Real Assets Limited Partnerships C	739,171,071	522,201,623	Not Eligible(2)
Real Estate Investment Trusts D	1,430,180		Monthly(3)
Total Investments Measured at the NAV	**$9,499,128,696**		

(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.

(3) 15 days.

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.

D — Real Estate Investment Trusts

The real estate investment trust was a gift to one of the University's blended foundations. The foundation endeavors to sell the real estate investment trust as soon as practical to use for the intended charitable purpose.

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 the principal. If the current year earnings do not meet the distribution requirements, the University uses accumulated income and appreciation to make up the difference. At June 30, 2023, accumulated income and appreciation of $1,619,929,219 was available in the University's pooled endowment funds, of which $1,345,041,735 was restricted to specific purposes including scholarships and fellowships, research, 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, 2023, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$12,026,879	$4,907,149	$7,119,730
Patients	289,434,921	147,879,255	141,555,666
Accounts	41,664,628	242,025	41,422,603
Intergovernmental	102,395,262	6,847,405	95,547,857
Pledges	40,362,383	1,587,374	38,775,009
Investment Earnings	381,529		381,529
Interest on Loans	977,792		977,792
Other	1,134,368		1,134,368
Total Current Receivables	**488,377,762**	**161,463,208**	**326,914,554**
Noncurrent Receivables:			
Pledges	**67,309,640**	**1,682,740**	**65,626,900**
Notes Receivable — Current:			
Federal Loan Programs	1,625,336	32,312	1,593,024
Institutional Student Loan Programs	2,619,495	111,029	2,508,466
Total Notes Receivable — Current	**4,244,831**	**143,341**	**4,101,490**
Notes Receivable — Noncurrent:			
Federal Loan Programs	8,960,582	127,813	8,832,769
Self-Help Ventures Fund	3,000,000		3,000,000
Institutional Student Loan Programs	17,472,828	853,105	16,619,723
Total Notes Receivable — Noncurrent	**$29,433,410**	**$980,918**	**$28,452,492**

Pledges are receivable over varying time periods ranging from one to 10 years and have been discounted based on a projected interest rate of 2.48% 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
2024	$40,362,383
2025	23,409,655
2026	20,318,254
2027	17,823,940
2028	6,106,876
2029-2033	3,510,837
Total Pledge Receipts Expected	**111,531,945**
Less Discount Rate Amount Representing Interest (2.48% Rate of Interest)	3,859,922
Present Value of Pledge Receipts Expected	**107,672,023**
Less Allowance for Doubtful Accounts	3,270,114
Pledges Receivable, Net	**$104,401,909**

Note 6 | Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2023, is presented as follows:

	Balance July 1, 2022 (as restated)	Increases	Decreases	Balance June 30, 2023
Capital Assets, Nondepreciable:				
Land	$70,708,607	$47,000	$0	$70,755,607
Art, Literature, and Artifacts	171,844,791	6,121,733	32,210	177,934,314
Construction in Progress	136,843,495	83,656,176	23,579,566	196,920,105
Other Intangible Assets	2,212,777			2,212,777
Total Capital Assets, Nondepreciable	**381,609,670**	**89,824,909**	**23,611,776**	**447,822,803**
Capital Assets, Depreciable:				
Buildings	3,531,843,227	14,957,469		3,546,800,696
Machinery and Equipment	516,247,209	59,090,469	33,816,889	541,520,789
General Infrastructure	1,000,428,227	10,517,289		1,010,945,516
Computer Software	121,695,628			121,695,628
Right-to-Use Lease Asset - Land	8,269	9,703,944		9,712,213
Right-to-Use Lease Asset - Buildings	123,480,118	20,293,098	7,977,535	135,795,681
Right-to-Use Subscription Assets	13,438,938	9,125,079		22,564,017
Total Capital Assets, Depreciable	**5,307,141,616**	**123,687,348**	**41,794,424**	**5,389,034,540**
Less Accumulated Depreciation/Amortization for:				
Buildings	1,554,680,648	95,562,539		1,650,243,187
Machinery and Equipment	335,978,417	30,682,343	29,095,436	337,565,324
General Infrastructure	568,834,497	28,724,253		597,558,750
Computer Software	100,532,117	10,726,641		111,258,758
Right-to-Use Lease Asset - Land	5,513	46,102		51,615
Right-to-Use Lease Asset - Buildings	23,649,255	26,534,035	1,640,696	48,542,594
Right-to-Use Subscription Assets		7,466,790		7,466,790
Total Accumulated Depreciation/Amortization	**2,583,680,447**	**199,742,703**	**30,736,132**	**2,752,687,018**
Total Capital Assets, Depreciable, Net	**2,723,461,169**	**(76,055,355)**	**11,058,292**	**2,636,347,522**
Capital Assets, Net	**$3,105,070,839**	**$13,769,554**	**$34,670,068**	**$3,084,170,325**

As of June 30, 2023, the total amount of right-to-use lease and subscription assets was $145,507,894 and $22,564,017, and the related accumulated amortization was $48,594,209 and $7,466,790, respectively.

Note 7 | Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2023, were as follows:

Accounts Payable and Accrued Liabilities	Proprietary Fund	Fiduciary Fund
Current Accounts Payable and Accrued Liabilities:		
Accounts Payable	$105,061,421	$ 3,835,951
Accounts Payable - Capital Assets	7,052,391	
Accrued Payroll	82,510,022	
Contract Retainage	4,435,587	
Intergovernmental Payables	24,420,668	
Investment Derivatives Liability	161,209	
Total Current Accounts Payable and Accrued Liabilities	**$ $223,641,298**	**$ 3,835,951**
Noncurrent Accounts Payable and Accrued Liabilities		
Contract Retainage	$332,562	$0
Liability Insurance Trust Fund (See Note 17)	19,661,287	
Total Noncurrent Accounts Payable and Accrued Liabilities	**$19,993,849**	**$0**

Note 8 | Short-Term Debt

Short-term debt activity for the year ended June 30, 2023, was as follows:

Commercial Paper Program	
Balance July 1, 2022	$0
Draws	$19,000,000
Repayments	
Balance June 30, 2023	**$19,000,000**

The University manages a commercial paper ("CP") program under the issuer name of the Board of Governors of the University of North Carolina that provides up to $500,000,000 in short-term financing for the University's and North Carolina State University's ("NCSU") capital improvement programs. Under this CP program, the University is authorized to issue up to $400,000,000 and NCSU is authorized to issue up to $100,000,000.

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 continued to 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.

On December 13, 2022 the University issued $8,000,000 of tax-exempt commercial paper at an interest rate of 3.00% to fund the Medical Education Building. On March 16, 2023 the University issued $5,000,000 of tax exempt commercial paper at an interest rate of 3.15% to fund the Medical Education Building and the Translational Research Building. On May 24, 2023, the University issued $6,000,000 of tax exempt commercial paper at an interest rate of 3.35% to fund the Medical Education Building and the Translational Research Building.

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 9 | Long-Term Liabilities

A — Changes in Long-Term Liabilities

A summary of changes in the long-term liabilities for the year ended June 30, 2023, is presented as follows:

	Balance July 1, 2022 (as restated)	Additions	Reductions	Balance June 30, 2023	Current Portion
Long-Term Debt:					
Revenue Bonds Payable	$1,209,885,000	$0	$35,235,000	$1,174,650,000	$45,420,000
Bonds from Direct Placements	60,000,000			60,000,000	60,000,000
Plus: Unamortized Premium	36,960,110		1,993,037	34,967,073	
Total Revenue Bonds Payable and Bonds from Direct Placements, Net	**1,306,845,110**		**37,228,037**	**1,269,617,073**	**105,420,000**
Notes from Direct Borrowings	67,197,052		2,495,832	64,701,220	2,598,616
Total Long-Term Debt	**1,374,042,162**		**39,723,869**	**1,334,318,293**	**108,018,616**
Other Long-Term Liabilities:					
Annuities and Life Income Payable	46,344,528	3,818,710	3,858,844	46,304,394	862,796
Lease Liabilities	102,117,138	28,482,644	37,236,933	93,362,849	21,501,314
Subscription (SBITA) Liabilities	13,438,938	9,125,079	9,656,310	12,907,707	5,224,149
Employee Benefits:					
Compensated Absences	205,558,900	139,249,309	127,591,611	217,216,598	10,450,810
Net Pension Liability	153,706,378	311,311,328		465,017,706	
Net Other Postemployment Benefits Liability	2,212,739,626	2,164,188	510,124,782	1,704,779,032	
Workers' Compensation	13,239,971	531,559	1,683,485	12,088,045	2,275,339
Total Other Long-Term Liabilities	**2,747,145,479**	**494,682,817**	**690,151,965**	**2,551,676,331**	**40,314,408**
Total Long-Term Liabilities, Net	**$4,121,187,641**	**$494,682,817**	**$729,875,834**	**$3,885,994,624**	**$148,333,024**

Additional information regarding lease and subscription liabilities is included in Note 11.
Additional information regarding the net pension liability is included in Note 15.
Additional information regarding the net other postemployment benefits liability is included in Note 16.
Additional information regarding workers' compensation is included in Note 17.

South Building.

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 6/30/23	Principal Outstanding 6/30/23
General Revenue Bonds Payable:						
	2001B	4.980%*	12/01/2025	$54,970,000	$48,105,000	$6,865,000
	2001C	4.110%*	12/01/2025	54,970,000	48,105,000	6,865,000
	2012B	4.285%*	12/01/2041	100,000,000		100,000,000
	2012C	2.635%-3.596%	12/01/2033	127,095,000	54,100,000	72,995,000
	2014	3.713%-3.847%	12/01/2034	265,600,000	15,600,000	250,000,000
	2016C	2.209%-3.327%	12/01/2036	400,950,000	37,000,000	363,950,000
	2017	2.851%-3.326%	12/01/2038	110,225,000	19,740,000	90,485,000
	2019A	3.755%*	12/01/2041	100,000,000		100,000,000
	2019B	3.224%*	12/01/2034	50,925,000		50,925,000
	2021B	5.000%	12/01/2040	103,525,000		103,525,000
	2021C	0.303%-1.830%	12/01/2031	35,225,000	6,185,000	29,040,000
Total General Revenue Bonds				**1,403,485,000**	**228,835,000**	**1,174,650,000**
General Revenue Bonds from Direct Placements:						
	2012D	6.177%	06/01/2042	30,000,000		30,000,000
	2021A	6.177%	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**	**$228,835,000**	**1,234,650,000**
Plus: Unamortized Premium						34,967,073
Total Revenue Bonds Payable and Bonds from Direct Placements, Net						**$1,269,617,073**

* For variable rate debt, interest rates in effect at June 30, 2023 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 6/30/23	Principal Outstanding 6/30/23
Real Property Purchase	Bank of America	3.55%	02/14/2025	$9,250,000	$8,287,201	$962,799
Real Property Purchase	Nationwide	4.26%	02/01/2037	55,300,000	7,427,589	47,872,411
Real Property Improvements	Nationwide	4.00%	02/01/2037	8,800,000	441,653	8,358,347
Real Property Improvements	The State Life Insurance Company	3.40%	01/01/2036	1,400,000	52,470	1,347,530
Real Property Improvements	The State Life Insurance Company	3.40%	01/01/2036	6,400,000	239,867	6,160,133
Total Notes from Direct Borrowings				**$81,150,000**	**$16,448,780**	**$64,701,220**

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 $1.5 million as of June 30, 2022. In fiscal year 2023, the Foundation paid down $0.5 million on the note. A balance of $1.0 million remains on the note as of June 30, 2023.

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 $49.4 million as of June 30, 2022. In fiscal year 2023, the Foundation paid down $1.5 million on the note. A balance of $47.9 million remains on the note as of June 30, 2023.

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 Daily SOFR Market Index plus 85 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.

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. There were no draws in fiscal year 2023. The line of credit commitment has a maturity date of April 30, 2024. As of June 30, 2023, 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 to $53,182 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, 2023, the balance of Note B was $8.4 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, 2023, the balance on Note A was $6.2 million and the balance of Note B was $1.3 million.

The Old Well during the winter holidays.

D — Annual Requirements

The annual requirements to pay principal and interest on the long-term obligations at June 30, 2023, are as follows:

	Revenue Bonds Payable			Revenue Bonds from Direct Placements		Notes from Direct Borrowings	
Fiscal Year	**Principal**	**Interest**	**Interest Rates Swaps, Net***	**Principal**	**Interest**	**Principal**	**Interest**
2024	$36,050,000	$41,658,541	($402,225)	$0	$3,705,960	$2,598,616	$2,615,788
2025	36,930,000	40,764,232	(426,209)		3,705,960	2,505,847	2,509,858
2026	39,780,000	39,763,308	(451,486)		3,705,960	2,203,669	2,414,639
2027	41,375,000	38,717,056	(460,055)		3,705,960	2,297,274	2,321,035
2028	42,470,000	37,621,161	(460,055)		3,705,960	2,394,865	2,223,443
2029-2033	297,735,000	166,060,826	(2,300,275)		18,529,800	13,590,087	9,501,455
2034-2038	425,545,000	82,625,930	312,244		18,529,800	39,110,862	4,807,404
2039-2043	254,765,000	29,842,656	1,231,937	30,000,000	16,522,405		
2044-2048					9,264,900		
2049-2053				30,000,000	4,941,280		
	$1,174,650,000	**$477,053,710**	**($2,956,124)**	**$60,000,000**	**$86,317,985**	**$64,701,220**	**$26,393,622**

Interest on the variable rate General Revenue Bonds 2001B is calculated at 3.75% at June 30, 2023.
Interest on the variable rate General Revenue Bonds 2001C is calculated at 4.11% at June 30, 2023.
Interest on the variable rate General Revenue Bonds 2012B is calculated at 4.04% at June 30, 2023.
Interest on the variable rate Bond from Direct Placement held under the General Revenue Bond 2012D is calculated at 6.18% at June 30, 2023.
Interest on the variable rate General Revenue Bonds 2019A is calculated at 4.04% at June 30, 2023.
Interest on the variable rate General Revenue Bonds 2019B is calculated at 4.04% at June 30, 2023.
Interest on the variable rate Bond from Direct Placement held under the General Revenue Bond 2021A is calculated at 6.18% at June 30, 2023.

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 10 - Derivative Instruments.

*Computed using (5.240%-4.010%) x ($6,865,000 notional amount-annual swap reduction); (4.375%-4.135%) x ($150,000,000 notional amount); and (3.314%-) x 4.135% x ($100,000,000 notional amount).

The fiscal year 2023 principal requirements exclude demand bonds classified as current liabilities (see Note 9E).

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 (amended September 19, 2022). 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. amended 9/19/2022**	**TD Bank, N.A. dated 9/18/19**
AA+ or higher	AA+ or higher	Aa1 or higher	0.30%	0.30%	0.23%	0.23%
AA	AA	Aa2	0.30%	0.40%	0.23%	0.23%
AA-	AA-	Aa3	0.30%	0.50%	0.28%	0.28%
A+	A+	A1	0.40%	0.60%	0.33%	0.33%
A	A	A2	0.55%	0.70%	0.38%	0.38%
A-	A-	A3	0.75%	0.85%	0.48%	0.48%
BBB+	BBB+	Baa1	Default Pricing***	0.85%	0.58%	0.58%
BBB	BBB	Baa2	Default Pricing***	0.85%	0.68%	0.68%
BBB-	BBB-	Baa3	Default Pricing***	0.85%	Base Rate*	Base Rate*
Below Investment Grade	Below Investment Grade		Default Pricing***	0.85%	Default Rate**	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 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. (amended September 19, 2022), and Bank of America, N.A. (amended September 17, 2021), expire on September 18, 2024, September 19, 2023, September 19, 2027, 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, 2023, no purchase drawings had been made under the standby liquidity agreements. See Note 24 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 2012 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

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 (amended September 19, 2022). 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.

S&P	Fitch	Moody's	Facility Fee: Bank of America, N.A., amended 9/17/21	Facility Fee: Branch Banking and Trust Company (now Truist)	Facility Fee: TD Bank, N.A dated 9/19/22	Facility Fee: TD Bank, N.A. dated 9/18/19
AA+ or higher	AA+ or higher	Aa1 or higher	0.30%	0.30%	0.23%	0.23%
AA	AA	Aa2	0.30%	0.40%	0.23%	0.23%
AA-	AA-	Aa3	0.30%	0.50%	0.28%	0.28%
A+	A+	A1	0.40%	0.60%	0.33%	0.33%
A	A	A2	0.55%	0.70%	0.38%	0.38%
A-	A-	A3	0.75%	0.85%	0.48%	0.48%
BBB+	BBB+	Baa1	Default Pricing***	0.85%	0.58%	0.58%
BBB	BBB	Baa2	Default Pricing***	0.85%	0.68%	0.68%
BBB-	BBB-	Baa3	Default Pricing***	0.85%	Base Rate*	Base Rate*
Below Investment Grade	Below Investment Grade		Default Pricing***	0.85%	Default Rate**	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 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. (amended September 19, 2022), and Bank of America, N.A. (amended September 17, 2021), expire on September 18, 2024, September 19, 2023, September 19, 2027, 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, 2023, no purchase drawings had been made under the standby liquidity agreements. See Note 24 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, 2023, 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 a 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, 2023, 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, 2023 was $54,687,944. 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 $10,000,000. 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 10 | Derivative Instruments

Derivative instruments held at June 30, 2023 are as follows:

		Change in Value		Value at June 30, 2023	
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	$5,835,011	Hedging Derivative Liability	($10,204,425)
Pay-Fixed Interest Rate Swap	150,000,000	Deferred Outflow of Resources	11,423,845	Hedging Derivative Liability	(41,069,559)
Total			**17,258,856**		**(51,273,984)**
Investment Derivative Instruments:					
Pay-Fixed Interest Rate Swap 2001B Bonds	5,955,000	Investment Income	305,767	Accounts Payable	(161,209)
U.S. Dollar Equity Futures	329,886,375	Investment Income	49,419,071	Other Assets	7,076,405
Total			**$49,724,838**		**$6,915,196**

Hedging derivative instruments held at June 30, 2023 are as follows:

Type	Objective	Notional 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, 2023.

The fair values are calculated as of June 30, 2023 and are based on the implied forward rate for 67% of SOFR plus 7.4 basis points, which trended up in fiscal year 2023 relative to fiscal year 2022. 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 $161,209 as of June 30, 2023. 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, 2023, SIFMA was 4.01%. The interest rate swap has a notional amount of $5,955,000 and matures November 1, 2025.

Note 11 | Leases and Subscription-Based Information Technology Arrangements

The University's leasing arrangements at June 30, 2023 are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Receivable (Liability) June 30, 2023	Current Portion	Lease Terms (as of June 30, 2023)	Interest Rate Ranges
Lessor:					
Land	3	$8,717,361	$748,357	1 - 91.42 years	3.25% - 6.25%
Buildings	9	800,366	306,458	0.09 - 7.67 years	3.25% - 4.75%
Total	**12**	**$9,517,727**	**$1,054,815**		
Lessee:					
Right-to-Use Land	2	(1,402,170)	(413,279)	7.75 - 98.5 years	3.25% - 7.5%
Right-to-Use Buildings	102	$(91,960,679)	$(21,088,035)	0.09 - 11.42 years	3.25% - 7.5%
Total	**104**	**$(93,362,849)**	**$(21,501,314)**		

A — Lessor Arrangements

The University leases real estate to both external and related parties. The leases expire at various dates, and some may have renewal options. Lease receivables and related deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate stated per the lease contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate.

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 an index or rate (such as the Consumer Price Index). The University recognized revenues of $153,639 during the fiscal year for these changes in variable payments not previously included in the measurement of the lease receivable. The University also recognized revenues of $1,876 for termination payments not previously included in the measurement of the lease receivable.

During the year ended June 30, 2023, the University recognized operating revenues related to lessor arrangements totaling $2,008,041, and nonoperating lease interest income totaling $783,876.

B — Lessee Arrangements

The University has lease agreements for real estate from both external and related parties. The leases expire at various dates, and some may have renewal options. Lease liabilities and intangible right-to-use lease assets are recorded based on the present value payments expected to be made during the lease term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. The expected payments are discounted using the interest rate stated per the lease contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate.

During the year the University did not recognize any variable payments amounts.

The University had commitments under leases before the lease term as follows: a ten-and-a-half-year lease agreement for the right-to-use building space beginning on August 16, 2023 with total payments over the period of $11,169,188; a ten year lease agreement for the right-to-use a building beginning on October 18, 2023 with total payments over the period of $3,485,624.

Future principal and interest lease payments as of June 30, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
2024	$21,501,314	$3,038,208	$24,539,522
2025	19,811,705	2,288,437	22,100,142
2026	17,001,763	1,603,161	18,604,924
2027	14,388,808	1,012,321	15,401,129
2028	10,032,343	526,795	10,559,138
2029-2033	10,374,307	683,874	11,058,181
2034-2038	252,609	5,558	258,167
Total	**$93,362,849**	**$9,158,354**	**$102,521,203**

C — Subscription-Based Information Technology Arrangements (SBITAs)

The University enters SBITAs for the right to use information technology software and cloud computing arrangement (network) assets from external parties. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate.

Measurement of the subscription liability excluded the following variable payment amounts: 1) the increase or decrease in payments after the initial measurement of the subscription liability that depend on changes in an index or rate (such as the Consumer Price Index) and 2) payments based on future performance or usage of the underlying assets. During the fiscal year, the University recognized expenses of $659,781 for these changes in variable payments not previously included in the measurement of the subscription liability.

The University's SBITAs at June 30, 2023, are summarized below (excluding short-term SBITAs):

SBITA	Number of SBITA Contracts	Subscription (SBITA) Liabilities	Current Portion	SBITA Terms	Interest Rate Ranges
Right-to-Use Subscription Assets	27	$12,907,707	$5,224,149	0.9 - 5.6 years	4.75% - 7.50%

Future principal and interest payments on SBITAs as of June 30, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
2024	$5,224,149	$439,668	$5,663,817
2025	3,729,540	215,319	3,944,859
2026	1,698,021	100,431	1,798,452
2027	1,255,027	49,094	1,304,121
2028	691,304	18,105	709,409
2029-2033	309,666	2,379	312,045
Total	**$12,907,707**	**$824,996**	**$13,732,703**

Note 12 | 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	($183,480,772)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(2,101,366,183)
Effect on Unrestricted Net Position	**(2,284,846,955)**
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	1,662,937,478
Total Unrestricted Net Position	**($621,909,477)**

See Notes 15 and 16 for detailed information regarding the amortization of the deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

Note 13 | 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	**$627,939,614**	**$148,138,315**	**$15,405**	**$0**	**$479,785,894**
Patient Services, Net	**1,481,765,189**		**13,841,910**	**861,740,716**	**606,182,563**
Sales and Services:					
Sales and Services of Auxiliary Enterprises	485,512,403	11,840,554			473,671,849
Other Sales and Services	81,697,893				81,697,893
Total Sales and Services, Net	**567,210,296**	**11,840,554**			**555,369,742**
Nonoperating Revenues — Noncapital Contributions, Net	**$349,223,557**		**($311,542)**		**$349,535,099**

Note 14 | 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	$651,998,192	$182,848,665	$0	$46,054	$0	**$834,892,911**
Research	393,216,535	329,773,767		262,759		**723,253,061**
Public Service	66,589,834	95,376,058		139,432		**162,105,324**
Academic Support	89,348,032	41,721,429		58,957		**131,128,418**
Student Services	23,396,461	15,233,895		27,381		**38,657,737**
Institutional Support	132,248,630	81,103,455		139,337		**213,491,422**
Operations and Maintenance of Plant	44,422,848	5,931,942		80,384,117		**130,738,907**
Student Financial Aid			109,903,091			**109,903,091**
Auxiliary Enterprises	520,456,792	482,902,379		13,015,388		**1,016,374,559**
Depreciation/ Amortization					197,414,702	**197,414,702**
Total Operating Expenses	**$1,921,677,324**	**$1,234,891,590**	**$109,903,091**	**$94,073,425**	**$197,414,702**	**$3,557,960,132**

Note 15 | 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 creditable 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. 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, 2023 was 17.38% of covered payroll. Plan members' contributions to the pension plan were $34,758,410, and the University's contributions were $100,683,528 for the year ended June 30, 2023.

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 2022 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 *2022 Annual Comprehensive Financial Report.*

Net Pension Liability: At June 30, 2023, the University reported a liability of $465,017,706 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. 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, 2022, the University's proportion was 3.13307%, which was a decrease of 0.14943 from its proportion measured as of June 30, 2021, which was 3.28250%.

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	12/31/21
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, 2021 valuation 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, 2022 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.1%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	7.5%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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, 2022 is 0.78%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2021 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, 2022 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%)	$822,174,997
Current Discount Rate (6.5%)	$465,017,706
1% Increase (7.5%)	$170,212,926

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2023, the University recognized pension expense of $97,362,772. At June 30, 2023, 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	$2,024,715	$6,338,263
Changes of Assumptions	36,688,124	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	152,730,458	
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	5,695,489	9,947,117
Contributions Subsequent to the Measurement Date	100,683,528	
Total	**$297,822,314**	**$16,285,380**

Acquisitions Evening in Wilson Library.

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, 2024. 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
2024	$49,369,795
2025	45,410,626
2026	12,858,308
2027	73,214,677
Total	**$180,853,406**

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 $1,441,892,327 of which $862,585,492 was covered under ORP. Total employee and employer contributions for pension benefits for the year were $51,755,130 and $59,000,848, respectively. The amount of pension expense recognized in the current year related to ORP is equal to the employer contributions less forfeitures of $4,332,933.

Note 16 | 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 2022 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 *2022 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 17. The plan options change when the 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 (CJRS), the Legislative Retirement System (LRS), 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 repealed retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amended Chapter 135, Article 3B of the General Statutes to require that retirees must earn contributory retirement service in the TSERS (or in an allowed local system unit),CJRS, or LRS 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 Act. The University's contractually-required contribution rate for the year ended June 30, 2023 was 6.89% of covered payroll. The University's contributions to the RHBF were $99,346,381 for the year ended June 30, 2023.

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 the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2023, the University recognized noncapital contributions for RHBF of $12,942,027.

2. Disability Income

Plan Administration: As discussed in Note 17, 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 State's 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, while the employee is disabled and does not meet the TSERS condition for unreduced service retirement. 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 becoming disabled 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. A general 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, by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee be at least age 62, 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, benefits are calculated in the same manner as described above except that after the first 36 months of the long-term disability, no further long-term disability benefits are payable unless the employee has been approved and is in receipt of primary Social Security benefits.

Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act 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, 2023 was 0.10% of covered payroll. The University's contributions to DIPNC were $1,441,892 for the year ended June 30, 2023.

C — Net OPEB Liability

Retiree Health Benefit Fund: At June 30, 2023, the University reported a liability of $1,702,614,844 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021, and update procedures were used to roll forward the total OPEB liability to June 30, 2022. 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, 2022, the University's proportion was 7.16986%, which was an increase of 0.0125 from its proportion measured as of June 30, 2021, which was 7.15736%.

Disability Income Plan of North Carolina: At June 30, 2023, the University reported a liability of $2,164,188 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021, and update procedures were used to roll forward the total OPEB liability to June 30, 2022. 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, 2022, the University's proportion was 7.27507%, which was an increase of 0.18777 from its proportion measured as of June 30, 2021, which was 7.08730%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2021, 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, 2022 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/21	12/31/21
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.00%
Healthcare Cost Trend Rate — Medical***	6% grading down to 5% by 2027	N/A
Healthcare Cost Trend Rate — Prescription Drug***	9.5% grading down to 5% by 2031	N/A
Healthcare Cost Trend Rate — Medicare Advantage***	0% through 2025, 5% thereafter	N/A
Healthcare Cost Trend Rate — Administrative***	3%	N/A

* Salary increases include 3.25% inflation and productivity factor.

** Investment rate of return is net of OPEB plan investment expense, including inflation.

*** Disability Income Plan of NC eliminated employer reimbursements from the Plan (which included State Health Plan premiums) effective July 1, 2019.

N/A — Not Applicable

The OPEB plans currently use mortality tables that vary by age, gender, employee group (i.e. teacher, other educational employee, general employee, or 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, 2022.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2022 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.1%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	7.5%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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, 2022 is 0.78%.

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 the 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 above, 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. Prior to July 1, 2019, employers received a reimbursement from DIPNC for employer costs, including the employer's share of the State Health Plan premiums, incurred during the second six months of the first year of a member's short-term disability coverage. With the elimination of the reimbursement to employers, State Health Plan premiums are no longer reimbursed by DIPNC for the benefits that were effective on or after July 1, 2019.

The actuarial assumptions used in the December 31, 2021 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 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 3.54% at June 30, 2022 compared to 2.16% at June 30, 2021. 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 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

The discount rate used to measure the total OPEB liability for DIPNC was 3.08% at June 30, 2022 compared to 3.0% at June 30, 2021. 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 not projected to be available to make all projected future benefit payments to the current plan members. In order to develop the blended discount rate of 3.08%, 3.0% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.54% was used during the period that the plan was projected to have no fiduciary net position. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the University's proportionate share of the net OPEB liability of the plans, as well as what the plans' net OPEB liability 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 (2.54%)	$2,005,485,484
Current Discount Rate (3.54%)	$1,702,614,844
1% Increase (4.54%)	$1,455,253,865

DIPNC	
1% Decrease (2.08%)	$2,664,931
Current Discount Rate (3.08%)	$2,164,188
1% Increase (4.08%)	$1,662,208

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the plans, as well as what the plans' net OPEB liability 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	0%–4.0%	0%–5.0%	0%–6.0%
Administrative	2.0%	3.0%	4.0%
RHBF Net OPEB Liability	**$1,401,525,372**	**$1,702,614,844**	**$2,091,818,772**

Effective with the actuarial valuation as of December 31, 2021, the liability for the State's potential reimbursement of costs incurred by employers was removed because the reimbursement by DIPNC was eliminated for disabilities occurring on or after July 1, 2019. Thus sensitivity to changes in the healthcare cost trend rates is not applicable for DIPNC.

OPEB Expense: For the fiscal year ended June 30, 2023, the University recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	($197,715,961)
DIPNC	2,993,512
Total OPEB Expense	**($194,722,449)**

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2023, 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	$16,530,139	$2,425,872	**$18,956,011**
Changes of Assumptions	136,316,440	139,099	**136,455,539**
Net Difference Between Projected and Actual Earnings on Plan Investments	14,743,907	2,289,028	**17,032,935**
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	110,505,070		**110,505,070**
Contributions Subsequent to the Measurement Date	99,346,381	1,441,892	**100,788,273**
Total	**$377,441,937**	**$6,295,891**	**$383,737,828**

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

	RHBF	DIPNC	Total
Difference Between Actual and Expected Experience	$4,711,311	$0	**$4,711,311**
Changes of Assumptions	774,900,106	400,929	**775,301,035**
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions		312,633	**312,633**
Total	**$779,611,417**	**$713,562**	**$780,324,979**

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 DIPNC in the fiscal year ending June 30, 2024. 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
2024	($158,898,483)	$1,059,508
2025	(114,587,411)	1,217,086
2026	(145,516,452)	874,304
2027	(82,513,514)	664,855
2028	(1)	101,331
Thereafter		223,353
Total	**($501,515,861)**	**$4,140,437**

Note 17 | 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 $5,000,000 annual aggregate through a contract 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, 2022 through June 30, 2023, 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, 2023, 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, 2023, University assets in the Trust Fund totaled $16,398,591, while University liabilities totaled $19,656,811 resulting in net position of ($3,258,220).

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 16, 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 16, 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 18 | 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 $156,986,622 at June 30, 2023.

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, 2023, the UNC Investment Fund had approximately $1,892,084,335 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 $10,837,333 as of June 30, 2023.

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, 2023 are as follows:

Purpose	Amount
Pledges to Permanent Endowments	$39,629,492

Note 19 | 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 $22,919,911 for the year ended June 30, 2023. The University had receivables from and payables to the related parties of $3,386,599 and $1,259,222, respectively, as of June 30, 2023.

Note 20 | Investment in Joint Ventures

The University is a member of the SOAR Telescope Consortium, a joint venture accounted for under the equity method and valued at $11,235,607. 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. The SOAR Telescope Consortium 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 Telescope Consortium agreement allocates the University 16.7% of observing time until 2025. The audited financial statements for the SOAR Telescope Consortium 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 $541,300. 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 and valued at $396,997. 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 $2,902,273. 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 $2,255,365. 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 the surrounding areas, including 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.

Carolina students participate in Week of Welcome activities.

Note 21 | Blended Component Units

Condensed combining information for the University's blended component units for the year ended June 30, 2023, is presented as follows:

Condensed Statement of Net Position - Proprietary Funds
June 30, 2023

	UNC-CH	UNC-CH Foundation, Inc.	Kenan-Flagler Business School Foundation	Other Blended Component Units*	Eliminations	Total
Assets:						
Current Assets	$2,187,032,881	$65,589,431	$81,363,378	$43,384,732	$0	$2,377,370,422
Capital Assets, Net	2,932,883,195	124,531,201	12,349,124	14,406,805		3,084,170,325
Other Noncurrent Assets	2,583,650,880	600,818,321	175,075,378	55,010,748	(6,221,398)	3,408,333,929
Total Assets	**7,703,566,956**	**790,938,953**	**268,787,880**	**112,802,285**	**(6,221,398)**	**8,869,874,676**
Total Deferred Outflows of Resources	**740,741,088**					**740,741,088**
Liabilities:						
Current Liabilities	563,273,699	10,134,890	1,568,927	14,480,420		589,457,936
Long-Term Liabilities, Net	3,582,351,764	124,684,809	7,094,209	23,530,818		3,737,661,600
Other Noncurrent Liabilities	79,352,898	6,221,398		5,342,964	(6,221,398)	84,695,862
Total Liabilities	**4,224,978,361**	**141,041,097**	**8,663,136**	**43,354,202**	**(6,221,398)**	**4,411,815,398**
Total Deferred Inflows of Resources	**802,116,010**	**25,257,265**				**827,373,275**
Net Position:						
Net Investment in Capital Assets	1,559,423,101	57,034,524	552,930	3,657,343		1,620,667,898
Restricted — Nonexpendable	596,105,236	256,284,397	157,127,775			1,009,517,408
Restricted — Expendable	1,991,920,962	264,314,565	100,057,963	6,857,772		2,363,151,262
Unrestricted	(730,235,626)	47,007,105	2,386,076	58,932,968		(621,909,477)
Total Net Position	**$3,417,213,673**	**$624,640,591**	**$260,124,744**	**$69,448,083**	**$0**	**$4,371,427,091**

*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.

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

For the Fiscal Year Ended June 30, 2023

	UNC-CH	UNC-CH Foundation, Inc.	Kenan-Flagler Business School Foundation	Other Blended Component Units*	Eliminations	Total
Operating Revenues:						
Student Tuition and Fees, Net	$479,785,894	$0	$0	$0	$0	$479,785,894
Patient Services, Net	606,182,563					606,182,563
Grants and Contracts	1,105,404,815					1,105,404,815
Sales and Services, Net	517,267,383	14,549,364		23,703,995	(151,000)	555,369,742
Other Operating Revenues	12,095,580		13,000,000	1,361,863	(13,058,596)	13,398,847
Total Operating Revenues	**2,720,736,235**	**14,549,364**	**13,000,000**	**25,065,858**	**(13,209,596)**	**2,760,141,861**
Operating Expenses:						
Operating Expenses	3,308,910,015	14,785,538	13,342,075	36,658,802	(13,151,000)	3,360,545,430
Depreciation/Amortization	193,096,877	2,692,799	312,698	1,312,328		197,414,702
Total Operating Expenses	**3,502,006,892**	**17,478,337**	**13,654,773**	**37,971,130**	**(13,151,000)**	**3,557,960,132**
Operating Income (Loss)	**(781,270,657)**	**(2,928,973)**	**(654,773)**	**(12,905,272)**	**(58,596)**	**(797,818,271)**
Nonoperating Revenues (Expenses):						
State Appropriations	622,039,924					622,039,924
Noncapital Contributions, Net	363,168,650	13,310,153	22,505,952	14,021,909	(63,471,565)	349,535,099
Investment Income (Loss), Net	146,920,620	(277,666)	(811,313)	(1,678,821)		144,152,820
Other Revenues (Expenses)	3,845,957	(28,539,512)	(22,106,531)	(164,138)	67,352,661	20,388,437
Net Nonoperating Revenues (Expenses)	**1,135,975,151**	**(15,507,025)**	**(411,892)**	**12,178,950**	**3,881,096**	**1,136,116,280**
Income (Loss) Before Other Revenues	**354,704,494**	**(18,435,998)**	**(1,066,665)**	**(726,322)**	**3,822,500**	**338,298,009**
Capital Contributions	24,895,203					24,895,203
Additions to Endowments	34,513,655	19,206,218	1,345,896		(3,822,500)	51,243,269
Total Other Revenues	**59,408,858**	**19,206,218**	**1,345,896**		**(3,822,500)**	**76,138,472**
Increase (Decrease) in Net Position	**414,113,352**	**770,220**	**279,231**	**(726,322)**		**414,436,481**
Net Position:						
Net Position, July 1, 2022, As Restated	**3,003,100,321**	**623,870,371**	**259,845,513**	**70,174,405**		**3,956,990,610**
Net Position, June 30, 2023	**$3,417,213,673**	**$624,640,591**	**$260,124,744**	**$69,448,083**	**$0**	**$4,371,427,091**

*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, 2023

	UNC-CH	UNC-CH Foundation, Inc.	Kenan-Flagler Business School Foundation	Other Blended Component Units*	Total
Net Cash Provided (Used) by Operating Activities	($871,369,107)	($20,597,086)	($104,172)	$4,278,851	($887,791,514)
Net Cash Provided by Noncapital Financing Activities	1,026,186,801	18,590,106	11,472,953	1,710,789	1,057,960,649
Net Cash Used by Capital and Related Financing Activities	(209,309,901)	(15,904,057)	(4,269,903)	(1,014,375)	(230,498,236)
Net Cash Provided (Used) by Investing Activities	20,735,066	25,220,500	1,561,634	(5,696,495)	41,820,705
Net Increase (Decrease) in Cash and Cash Equivalents	**(33,757,141)**	**7,309,463**	**8,660,512**	**(721,230)**	**(18,508,396)**
Cash and Cash Equivalents, July 1, 2022	1,233,353,992	52,906,666	59,901,027	36,032,286	1,382,193,971
Cash and Cash Equivalents, June 30, 2023	**$1,199,596,851**	**$60,216,129**	**$68,561,539**	**$35,311,056**	**$1,363,685,575**

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

Note 22 | Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2023, the University implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA.

Note 23 | Net Position Restatement

As of July 1, 2022, the University implemented GASB Statement No. 96 Subscription-Based Information Technology Arrangements. Net position was not restated due to the implementation; however, assets and liabilities were restated. See Note 6 and Note 9 for details on the restated balances related to capital assets and subscription (SBITA) liabilities, respectively.

Note 24 | Subsequent Event

The University extended the $100 million standby liquidity facility with Truist Bank that was scheduled to expire on September 19, 2023, so as to provide continuous liquidity coverage. The extended liquidity facility carries a five-year term with a new expiration date of September 19, 2028. See Note 9D and Note 9E for additional details regarding this agreement.

Class of 2023 Spring Commencement in Kenan Stadium.

Required Supplementary Information

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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 ten fiscal years*

Teachers' and State Employees' Retirement System	2023	2022	2021	2020	2019
Proportionate Share Percentage of Collective Net Pension Liability	3.13%	3.28%	3.14%	3.18%	3.18%
Proportionate Share of TSERS Collective Net Pension Liability	$465,017,706	$153,706,378	$379,561,977	$329,223,453	$316,120,760
Covered Payroll	$526,214,456	$505,923,105	$506,075,117	$507,759,996	$498,130,872
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	88.37%	30.38%	75.00%	64.84%	63.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.14%	94.86%	85.98%	87.56%	87.61%

Teachers' and State Employees' Retirement System	2018	2017	2016	2015	2014
Proportionate Share Percentage of Collective Net Pension Liability	3.12%	3.09%	3.12%	3.22%	3.20%
Proportionate Share of TSERS Collective Net Pension Liability	$247,539,484	$284,334,716	$115,061,832	$37,801,432	$194,278,679
Covered Payroll	$480,647,184	$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	51.50%	61.75%	25.50%	8.27%	42.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.51%	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	2023	2022	2021	2020	2019
Contractually Required Contribution	$100,683,528	$86,193,928	$74,775,435	$65,637,943	$62,403,703
Contributions in Relation to the Contractually Determined Contribution	$100,683,528	$86,193,928	$74,775,435	$65,637,943	$62,403,703
Contribution Deficiency (Excess)					
Covered Payroll	$579,306,835	$526,214,456	$505,923,105	$506,075,117	$507,759,996
Contributions as a Percentage of Covered Payroll	17.38%	16.38%	14.78%	12.97%	12.29%

Teachers' and State Employees' Retirement System	2018	2017	2016	2015	2014
Contractually Required Contribution	$53,698,508	$47,968,589	$42,133,165	$41,292,272	$39,745,192
Contributions in Relation to the Contractually Determined Contribution	$53,698,508	$47,968,589	$42,133,165	$41,292,272	$39,745,192
Contribution Deficiency (Excess)					
Covered Payroll	$498,130,872	$480,647,184	$460,471,749	$451,281,663	$457,366,996
Contributions as a Percentage of Covered Payroll	10.78%	9.98%	9.15%	9.15%	8.69%

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, 2023

Teachers' and State Employees' Retirement System	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	1.00%	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.

In December 2021 for the fiscal year ended June 30, 2022, retirees and beneficiaries of deceased retirees receiving benefits from the TSERS as of September 1, 2021, received a one-time cost-of-living supplement payment, equal to 2% of the beneficiary's annual retirement allowance.

Benefit recipients of the TSERS will receive a one-time benefit supplement payment equal to 4% of the member's annual benefit amount, paid by October 2022, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2023. The one-time supplement does not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

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 January 2021, the actuarial assumptions for the TSERS were updated to more closely reflect actual experience.

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 2022 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 seven fiscal years*

Retiree Health Benefit Fund	2023	2022	2021	2020	2019
Proportionate Share Percentage of Collective Net OPEB Liability	7.17%	7.16%	6.96%	6.91%	6.76%
Proportionate Share of Collective Net OPEB Liability	$1,702,614,844	$2,212,739,626	$1,930,637,269	$2,186,043,474	$1,926,872,329
Covered Payroll	$1,318,223,933	$1,246,160,097	$1,236,582,485	$1,205,200,371	$1,145,860,475
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	129.16%	177.56%	156.13%	181.38%	168.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.58%	7.72%	6.92%	4.40%	4.40%

Retiree Health Benefit Fund	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability	6.36%	7.25%
Proportionate Share of Collective Net OPEB Liability	$2,085,455,588	$3,153,296,023
Covered Payroll	$1,091,925,969	$1,058,316,661
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	190.99%	297.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.52%	2.41%

Disability Income Plan of North Carolina	2023	2022	2021	2020	2019
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	7.28%	7.09%	7.09%	6.92%	6.91%
Proportionate Share of Collective Net OPEB Liability (Asset)	$2,164,188	($1,157,640)	($3,489,129)	($2,987,331)	($2,100,172)
Covered Payroll	$1,318,223,933	$1,246,160,097	$1,236,582,485	$1,205,200,371	$1,145,860,475
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.16%	0.09%	0.28%	0.25%	0.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	90.34%	105.18%	115.57%	113.00%	108.47%

Disability Income Plan of North Carolina	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	6.81%	6.66%
Proportionate Share of Collective Net OPEB Liability (Asset)	($4,162,076)	($4,163,127)
Covered Payroll	$1,091,925,969	$1,058,316,661
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.38%	0.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	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	2023	2022	2021	2020	2019
Contractually Required Contribution	$99,346,381	$82,916,285	$83,243,495	$80,006,887	$75,566,063
Contributions in Relation to the Contractually Determined Contribution	$99,346,381	$82,916,285	$83,243,495	$80,006,887	$75,566,063
Contribution Deficiency (Excess)					
Covered Payroll	$1,441,892,327	$1,318,223,933	$1,246,160,097	$1,236,582,485	$1,205,200,371
Contributions as a Percentage of Covered Payroll	6.89%	6.29%	6.68%	6.47%	6.27%

Retiree Health Benefit Fund	2018	2017	2016	2015	2014
Contractually Required Contribution	$69,324,559	$63,440,899	$59,265,733	$55,554,649	$53,247,759
Contributions in Relation to the Contractually Determined Contribution	$69,324,559	$63,440,899	$59,265,733	$55,554,649	$53,247,759
Contribution Deficiency (Excess)					
Covered Payroll	$1,145,860,475	$1,091,925,969	$1,058,316,661	$1,011,924,390	$986,069,611
Contributions as a Percentage of Covered Payroll	6.05%	5.81%	5.60%	5.49%	5.40%

Disability Income Plan of North Carolina	2023	2022	2021	2020	2019
Contractually Required Contribution	$1,441,892	$1,186,402	$1,121,544	$1,236,582	$1,687,281
Contributions in Relation to the Contractually Determined Contribution	$1,441,892	$1,186,402	$1,121,544	$1,236,582	$1,687,281
Contribution Deficiency (Excess)					
Covered Payroll	$1,441,892,327	$1,318,223,933	$1,246,160,097	$1,236,582,485	$1,205,200,371
Contributions as a Percentage of Covered Payroll	0.10%	0.09%	0.09%	0.10%	0.14%

Disability Income Plan of North Carolina	2018	2017	2016	2015	2014
Contractually Required Contribution	$1,604,205	$4,149,319	$4,339,098	$4,148,890	$4,338,706
Contributions in Relation to the Contractually Determined Contribution	$1,604,205	$4,149,319	$4,339,098	$4,148,890	$4,338,706
Contribution Deficiency (Excess)					
Covered Payroll	$1,145,860,475	$1,091,925,969	$1,058,316,661	$1,011,924,390	$986,069,611
Contributions as a Percentage of Covered Payroll	0.14%	0.38%	0.41%	0.41%	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, 2023

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.

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.

Effective January 1, 2022, the structure of employer contributions to the RHBF was altered by legislation. Previously, non-Medicare-eligible retirees had the same employer contribution rate as active employees. As a result of the legislative change, non-Medicare-eligible retirees have the same employer contribution rate as Medicare-eligible retirees.

Beginning with the Disability Income Plan of North Carolina (DIPNC) actuarial valuation as of December 31, 2017, the valuation included a liability for the State's potential reimbursement of costs incurred by employers for income benefits and health insurance premiums during the second six months of the first year of employee's short-term disability benefit period. Effective with the actuarial valuation as of December 31, 2021, this liability was removed from the actuarial valuation because the reimbursement from DIPNC was eliminated for disabilities occurring on or after July 1, 2019.

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: Consistent with prior years, for the actuarial valuation measured as of June 30, 2022 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.54%, from 2.16% as of June 30, 2021. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. 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 five years. The terms of the Pharmacy Benefits Management contract effective January 1, 2023 were incorporated in the valuation.

For the actuarial valuation measured as of June 30, 2022 for DIPNC, the discount rate was updated to 3.08%, from 3.00% as of June 30, 2021. This was a result of an update to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end, combined with the determination that the plan's fiduciary net position was not projected to be available to make all projected future benefit payments to the current plan members.

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 TSERS 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 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. Also in 2020, disability rates were adjusted to the non-grandfathered assumptions used in the TSERS actuarial valuation to better align with the anticipated incidence of disability.

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 2022 *Annual Comprehensive Financial Report*.

Students study on the steps of South Building, facing Wilson Library.

Statistical Section

Statistical Section

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Financial Trends

Net Position by Component

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
					(as restated)
Net Investment in Capital Assets	$1,620,668	$1,627,311	$1,656,473	$1,682,287	$1,728,392
Restricted, Nonexpendable	1,009,517	978,690	949,848	913,926	874,644
Restricted, Expendable	2,363,151	2,298,632	2,381,550	1,509,141	1,539,160
Unrestricted	(621,909)	(947,642)	(1,337,939)	(1,835,440)	(1,884,102)
Total Net Position	**$4,371,427**	**$3,956,991**	**$3,649,932**	**$2,269,914**	**$2,258,094**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
	(as restated)	(as restated)	(as restated)		(as restated)
Net Investment in Capital Assets	$1,675,469	$1,653,505	$1,655,895	$1,686,949	$1,694,842
Restricted, Nonexpendable	877,981	824,210	787,682	773,548	724,605
Restricted, Expendable	1,444,331	1,554,230	1,372,533	1,453,008	1,390,715
Unrestricted	(2,146,402)	(2,420,876)	763,370	753,407	766,194
Total Net Position	**$1,851,379**	**$1,611,069**	**$4,579,480**	**$4,666,912**	**$4,576,356**

Net Position by Component

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

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
					(as restated)
Net Investment in Capital Assets	37.1	41.1	45.4	74.1	76.5
Restricted, Nonexpendable	23.1	24.7	26.0	40.3	38.7
Restricted, Expendable	54.1	58.1	65.2	66.5	68.2
Unrestricted	(14.3)	(23.9)	(36.6)	(80.9)	(83.4)
Total Net Position	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
	(as restated)	(as restated)	(as restated)		(as restated)
Net Investment in Capital Assets	90.5	102.6	36.2	36.2	37.1
Restricted, Nonexpendable	47.4	51.2	17.2	16.6	15.8
Restricted, Expendable	78.0	96.5	30.0	31.1	30.4
Unrestricted	(115.9)	(150.3)	16.6	16.1	16.7
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,	2023	2022	2021	2020	2019
Operating Revenues:					
Student Tuition and Fees, Net	$479,786	$464,123	$412,072	$400,349	$424,391
Patient Services, Net	606,183	571,348	545,210	491,045	506,766
Federal Grants and Contracts	908,048	833,459	763,623	722,462	710,288
State and Local Grants and Contracts	21,175	13,390	13,091	15,207	12,172
Nongovernmental Grants and Contracts	176,182	172,871	182,500	149,674	143,681
Sales and Services, Net	555,370	508,301	397,369	435,061	488,582
Interest Earnings on Loans	2,447	1,304	952	7,504	1,548
Other Operating Revenues	10,952	9,269	5,117	5,691	8,580
Total Operating Revenues	**2,760,143**	**2,574,065**	**2,319,934**	**2,226,993**	**2,296,008**
Operating Expenses:					
Salaries and Benefits	1,921,677	1,806,973	1,812,296	1,802,250	1,716,743
Supplies and Services	1,234,892	1,107,498	963,510	1,018,615	1,013,233
Scholarships and Fellowships	109,903	132,927	121,920	106,483	88,821
Utilities	94,073	82,905	79,241	81,722	89,640
Depreciation and Amortization	197,415	186,183	159,181	179,718	142,244
Total Operating Expenses	**3,557,960**	**3,316,486**	**3,136,148**	**3,188,788**	**3,050,681**
Operating Loss	**(797,817)**	**(742,421)**	**(816,214)**	**(961,795)**	**(754,673)**
Nonoperating Revenues (Expenses):					
State Appropriations	622,040	587,593	537,409	534,766	543,274
State Aid — COVID-19	13,250	17,481	47,968	0	0
Student Financial Aid	45,983	42,736	44,207	44,316	43,301
Federal Aid — COVID-19	13,006	91,507	28,824	5,834	
Noncapital Contributions, Net	349,535	343,242	399,820	314,963	273,852
Investment Income (Loss), Net	144,153	(63,588)	1,099,206	95,460	206,536
Interest and Fees on Debt	(51,314)	(50,915)	(51,189)	(51,302)	(51,052)
Federal Interest Subsidy on Debt	0	95	2,143	2,143	2,132
Other Nonoperating Revenues (Expenses)	(538)	1,115	(25,499)	(11,388)	102,418
Net Nonoperating Revenues	**1,136,115**	**969,266**	**2,082,889**	**934,792**	**1,120,461**
Income (Loss) Before Other Revenues	**338,298**	**226,845**	**1,266,675**	**(27,003)**	**365,788**
Capital Appropriations	0	0	0	1,452	4,060
Capital Contributions	24,895	40,434	78,871	20,628	62,823
Additions to Endowments	51,243	39,780	34,472	16,743	27,540
Increase (Decrease) in Net Position	**$414,436**	**$307,059**	**$1,380,018**	**$11,820**	**$460,211**

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
Total Revenues	$4,024,248	$3,674,460	$4,592,854	$3,263,298	$3,561,944
Total Expenses	3,609,812	3,367,401	3,212,836	3,251,478	3,101,733
Increase (Decrease) in Net Position	**$414,436**	**$307,059**	**$1,380,018**	**$11,820**	**$460,211**

Changes in Net Position (Continued)

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
Operating Revenues:			(as restated)		(as restated)
Student Tuition and Fees, Net	$438,405	$426,856	$405,808	$395,005	$361,771
Patient Services, Net	481,877	442,460	416,811	323,700	312,054
Federal Grants and Contracts	711,778	643,953	639,351	716,564	707,514
State and Local Grants and Contracts	12,754	19,600	29,433	17,227	37,613
Nongovernmental Grants and Contracts	113,974	147,670	160,714	106,762	158,133
Sales and Services, Net	447,932	427,270	416,013	461,580	458,458
Interest Earnings on Loans	2,928	1,432	1,450	1,167	823
Other Operating Revenues	6,776	14,962	17,632	9,280	2,872
Total Operating Revenues	**2,216,424**	**2,124,203**	**2,087,212**	**2,031,285**	**2,039,238**
Operating Expenses:					
Salaries and Benefits	1,730,164	1,697,183	1,544,504	1,505,426	1,622,395
Supplies and Services	960,108	973,323	939,646	1,074,939	1,032,609
Scholarships and Fellowships	131,467	123,739	122,816	119,453	112,450
Utilities	84,287	79,081	83,711	88,373	85,157
Depreciation and Amortization	138,401	140,085	136,572	136,493	130,438
Total Operating Expenses	**3,044,427**	**3,013,411**	**2,827,249**	**2,924,684**	**2,983,049**
Operating Loss	**(828,003)**	**(889,208)**	**(740,037)**	**(893,399)**	**(943,811)**
Nonoperating Revenues (Expenses):					
State Appropriations	518,231	500,212	493,923	479,186	482,728
State Aid — COVID-19	0	0	0	0	0
Student Financial Aid	40,338	15,992	19,607	36,232	18,622
Federal Aid — COVID-19	0	0	0	0	0
Noncapital Contributions, Net	271,818	297,754	199,412	243,662	220,027
Investment Income (Loss), Net	292,215	267,070	(50,950)	195,407	258,372
Interest and Fees on Debt	(53,540)	(56,960)	(62,561)	(67,459)	(66,217)
Federal Interest Subsidy on Debt	2,123	2,116	2,118	2,107	2,109
Other Nonoperating Revenues (Expenses)	(64,522)	(42,929)	27,520	32,631	(6,162)
Net Nonoperating Revenues	**1,006,663**	**983,255**	**629,069**	**921,766**	**909,479**
Income (Loss) Before Other Revenues	**178,660**	**94,047**	**(110,968)**	**28,367**	**(34,332)**
Capital Appropriations	9,038	12,869	8,767	1,600	4,313
Capital Contributions	17,149	20,786	8,997	40,892	47,571
Additions to Endowments	22,101	16,968	12,428	19,697	25,609
Increase (Decrease) in Net Position	**$226,948**	**$144,670**	**($80,776)**	**$90,556**	**$43,161**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
			(as restated)		(as restated)
Total Revenues	$3,389,437	$3,257,970	$2,859,984	$3,082,699	$3,098,589
Total Expenses	3,162,489	3,113,300	2,940,760	2,992,143	3,055,428
Increase (Decrease) in Net Position	**$226,948**	**$144,670**	**($80,776)**	**$90,556**	**$43,161**

Changes in Net Position (Continued)

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

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
Operating Revenues:					
Student Tuition and Fees, Net	11.9	12.6	9.0	12.3	11.9
Patient Services, Net	15.1	15.5	11.9	15.0	14.2
Federal Grants and Contracts	22.5	22.8	16.5	22.1	20.2
State and Local Grants and Contracts	0.5	0.4	0.3	0.5	0.3
Nongovernmental Grants and Contracts	4.4	4.7	4.0	4.6	4.0
Sales and Services, Net	13.8	13.8	8.7	13.3	13.7
Interest Earnings on Loans	0.1	0.0	0.0	0.2	0.0
Other Operating Revenues	0.3	0.3	0.1	0.2	0.2
Total Operating Revenues	**68.6**	**70.1**	**50.5**	**68.2**	**64.5**
Operating Expenses:					
Salaries and Benefits	53.2	53.7	56.4	55.4	55.3
Supplies and Services	34.2	32.9	30.0	31.3	32.7
Scholarships and Fellowships	3.0	3.9	3.8	3.3	2.9
Utilities	2.6	2.5	2.5	2.5	2.9
Depreciation and Amortization	5.5	5.5	5.0	5.5	4.6
Total Operating Expenses	**88.4**	**90.3**	**68.3**	**97.7**	**85.7**
Operating Loss	**(19.8)**	**(20.2)**	**(17.8)**	**(29.5)**	**(21.2)**
Nonoperating Revenues (Expenses):					
State Appropriations	15.5	16.0	11.7	16.4	15.3
State Aid — COVID-19	0.3	0.5	1.0	0.0	0.0
Noncapital Grants — Student Financial Aid	1.1	1.2	1.0	1.4	1.2
Federal Aid — COVID-19	0.3	2.5	0.6	0.2	0.0
Noncapital Contributions, Net	8.7	9.4	8.7	9.7	7.7
Investment Income (Loss), Net	3.6	(1.7)	23.9	2.9	5.8
Interest and Fees on Debt	(1.4)	(1.5)	(1.6)	(1.6)	(1.5)
Federal Interest Subsidy on Debt	0.0	0.0	0.0	0.1	0.1
Other Nonoperating Revenues (Expenses)	0.0	0.0	(0.6)	(0.3)	2.9
Net Nonoperating Revenues	**28.2**	**26.4**	**45.4**	**28.7**	**31.5**
Income (Loss) Before Other Revenues	**8.4**	**6.2**	**27.6**	**(0.8)**	**10.3**
Capital Appropriations	0.0	0.0	0.0	0.0	0.1
Capital Contributions	0.6	1.1	1.6	0.7	1.7
Additions to Endowments	1.3	1.1	0.8	0.5	0.8
Increase (Decrease) in Net Position	**10.3**	**8.4**	**30.0**	**0.4**	**12.9**

Changes in Net Position (Continued)

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

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
Operating Revenues:			(as restated)		(as restated)
Student Tuition and Fees, Net	12.9	13.1	14.2	12.8	11.7
Patient Services, Net	14.2	13.6	14.6	10.5	10.1
Federal Grants and Contracts	21.0	19.8	22.4	23.2	22.8
State and Local Grants and Contracts	0.4	0.6	1.0	0.6	1.2
Nongovernmental Grants and Contracts	3.4	4.5	5.6	3.5	5.1
Sales and Services, Net	13.2	13.1	14.5	15.0	14.8
Interest Earnings on Loans	0.1	0.0	0.1	0.0	0.0
Other Operating Revenues	0.2	0.5	0.6	0.3	0.1
Total Operating Revenues	**65.4**	**65.2**	**73.0**	**65.9**	**65.8**
Operating Expenses:					
Salaries and Benefits	54.7	54.5	52.5	50.3	53.1
Supplies and Services	30.4	31.3	32.0	35.9	33.8
Scholarships and Fellowships	4.2	4.0	4.2	4.0	3.7
Utilities	2.7	2.5	2.8	3.0	2.8
Depreciation and Amortization	4.4	4.5	4.6	4.6	4.3
Total Operating Expenses	**89.8**	**92.5**	**98.9**	**94.9**	**96.3**
Operating Loss	**(24.4)**	**(27.3)**	**(25.9)**	**(29.0)**	**(30.5)**
Nonoperating Revenues (Expenses):					
State Appropriations	15.3	15.4	17.3	15.5	15.6
State Aid — COVID-19	0.0	0.0	0.0	0.0	0.0
Noncapital Grants — Student Financial Aid	1.2	0.5	0.7	1.2	0.6
Federal Aid — COVID-19	0.0	0.0	0.0	0.0	0.0
Noncapital Contributions, Net	8.0	9.1	7.0	7.9	7.1
Investment Income (Loss), Net	8.6	8.2	(1.7)	6.3	8.3
Interest and Fees on Debt	(1.7)	(1.8)	(2.1)	(2.3)	(2.2)
Federal Interest Subsidy on Debt	0.1	0.1	0.1	0.1	0.1
Other Nonoperating Revenues (Expenses)	2.0	(1.4)	1.0	1.1	(0.2)
Net Nonoperating Revenues	**29.7**	**30.2**	**22.0**	**29.9**	**29.4**
Income (Loss) Before Other Revenues	**5.3**	**2.9**	**(3.9)**	**0.9**	**(1.1)**
Capital Appropriations	0.3	0.4	0.3	0.1	0.1
Capital Contributions	0.4	0.6	0.4	1.3	1.6
Additions to Endowments	0.7	0.5	0.4	0.6	0.8
Increase (Decrease) in Net Position	**6.7**	**4.4**	**(2.8)**	**2.9**	**1.4**

Operating Expenses by Function

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
Instruction	$834,893	$746,712	$745,236	$758,442	$747,907
Research	723,254	666,602	632,625	609,748	595,395
Public Service	162,105	141,700	136,146	144,067	157,063
Academic Support	131,128	123,541	136,729	139,716	135,886
Student Services	38,658	34,882	29,378	37,209	44,403
Institutional Support	213,491	216,956	190,418	194,025	196,207
Operations and Maintenance of Plant	130,739	126,887	130,151	152,984	149,787
Student Financial Aid	109,903	132,927	121,920	106,483	90,380
Auxiliary Enterprises	1,016,375	940,099	854,367	866,396	791,409
Depreciation and Amortization	197,415	186,183	159,181	179,718	142,244
Pension Expense*					
Total Operating Expenses by Function	**$3,557,961**	**$3,316,489**	**$3,136,151**	**$3,188,788**	**$3,050,681**

* 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,	2023	2022	2021	2020	2019
Instruction	23.5	22.5	23.8	23.8	24.5
Research	20.3	20.1	20.2	19.1	19.5
Public Service	4.6	4.3	4.3	4.5	5.1
Academic Support	3.7	3.7	4.4	4.4	4.5
Student Services	1.1	1.1	0.9	1.2	1.5
Institutional Support	6.0	6.5	6.1	6.1	6.4
Operations and Maintenance of Plant	3.6	3.9	4.1	4.8	4.9
Student Financial Aid	3.1	4.0	3.9	3.3	3.0
Auxiliary Enterprises	28.6	28.3	27.2	27.2	25.9
Depreciation and Amortization	5.5	5.6	5.1	5.6	4.7
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,	2018	2017	2016	2015	2014
			(as restated)		(as restated)
Instruction	$749,322	$721,569	$728,243	$683,793	$675,822
Research	601,890	595,219	546,228	714,093	703,621
Public Service	148,579	142,315	164,235	152,661	134,917
Academic Support	132,369	137,947	137,657	110,417	118,680
Student Services	44,497	45,506	39,162	35,845	32,807
Institutional Support	198,111	186,342	139,743	130,905	100,238
Operations and Maintenance of Plant	142,403	193,988	152,396	162,016	150,013
Student Financial Aid	129,050	123,740	122,816	119,453	112,450
Auxiliary Enterprises	759,804	726,701	660,197	662,094	669,423
Depreciation and Amortization	138,401	140,085	136,572	136,493	130,439
Pension Expense*				16,914	154,639
Total Operating Expenses by Function	**$3,044,426**	**$3,013,412**	**$2,827,249**	**$2,924,684**	**$2,983,049**

* 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,	2018	2017	2016	2015	2014
			(as restated)		(as restated)
Instruction	24.6	23.9	25.8	23.4	22.7
Research	19.8	19.8	19.3	24.4	23.6
Public Service	4.9	4.7	5.8	5.2	4.4
Academic Support	4.3	4.6	4.9	3.8	4.0
Student Services	1.5	1.5	1.4	1.2	1.1
Institutional Support	6.5	6.2	4.9	4.5	3.4
Operations and Maintenance of Plant	4.7	6.4	5.4	5.5	5.0
Student Financial Aid	4.2	4.1	4.3	4.1	3.8
Auxiliary Enterprises	25.0	24.1	23.4	22.6	22.4
Depreciation and Amortization	4.5	4.7	4.8	4.7	4.4
Pension Expense*	0.0	0.0	0.0	0.6	5.2
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,	2023	2022	2021	2020	2019
UNC-Chapel Hill vs Association of American Universities (AAU):					
Resident Undergraduate — UNC-CH	$8,989	$9,036	$8,980	$8,980	$8,987
% increase (decrease) from prior year	-0.52%	0.62%	0.00%	-0.08%	-0.20%
AAU Public Universities (mean)	$13,511	$13,183	$12,904	$12,699	$12,561
% increase (decrease) from prior year	2.49%	2.16%	1.61%	1.10%	1.49%
Non-Resident Undergraduate — UNC-CH	$37,550	$36,899	$36,159	$36,159	$35,170
% increase from prior year	1.76%	2.05%	0.00%	2.81%	1.68%
AAU Public Universities (mean)	$38,545	$37,464	$36,820	$36,178	$35,447
% increase from prior year	2.89%	1.75%	1.77%	2.06%	2.65%
Resident Graduate — UNC-CH	$12,527	$12,582	$12,522	$12,522	$12,212
% increase from prior year	-0.44%	0.48%	0.00%	2.54%	2.37%
AAU Public Universities (mean)	$15,625	$15,503	$14,966	$14,858	$14,708
% increase from prior year	0.79%	3.59%	0.73%	1.02%	1.92%
Non-Resident Graduate — UNC-CH	$30,819	$30,874	$30,248	$30,248	$29,423
% increase from prior year	-0.18%	2.07%	0.00%	2.80%	0.97%
AAU Public Universities (mean)	$31,865	$31,316	$30,913	$30,773	$30,173
% increase from prior year	1.75%	1.30%	0.45%	1.99%	2.21%

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,	2023	2022	2021	2020	2019
State and Local Grants and Contracts	$21,175	$13,390	$13,091	$15,207	$12,172
State Appropriations and State Aid	622,040	587,593	537,409	534,766	543,274
Noncapital Grants	180,575	184,285	233,530	171,054	99,405
Capital Appropriations	0	0	0	1,452	4,060
Capital Grants	0	29,664	32,869	13,565	13,828
NC State Government	**$823,790**	**$814,932**	**$816,899**	**$736,044**	**$672,739**
% increase (decrease) from prior year	**1.09%**	**-0.24%**	**10.99%**	**9.41%**	**0.61%**
Federal Grants and Contracts	$908,048	$833,459	$763,623	$722,462	$710,288
Noncapital Grants	38,562	116,293	54,604	31,208	24,508
Federal Government	**$946,610**	**$949,752**	**$818,227**	**$753,670**	**$734,796**
% increase (decrease) from prior year	**-0.33%**	**16.07%**	**8.57%**	**2.57%**	**0.03%**

Academic Year Tuition and Required Fees (Continued)

Last ten fiscal years

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
UNC-Chapel Hill vs Association of American Universities (AAU):					
Resident Undergraduate — UNC-CH	$9,005	$8,834	$8,591	$8,336	$8,340
% increase (decrease) from prior year	1.94%	2.83%	3.06%	-0.05%	8.45%
AAU Public Universities (mean)	$12,377	$12,039	$11,793	$11,560	$11,319
% increase (decrease) from prior year	2.81%	2.09%	2.02%	2.13%	1.58%
Non-Resident Undergraduate — UNC-CH	$34,588	$33,916	$33,673	$33,418	$30,122
% increase from prior year	1.98%	0.72%	0.76%	10.94%	5.91%
AAU Public Universities (mean)	$34,532	$33,172	$31,828	$30,533	$29,668
% increase from prior year	4.10%	4.22%	4.24%	2.92%	2.26%
Resident Graduate — UNC-CH	$11,929	$11,606	$11,074	$10,594	$10,248
% increase from prior year	2.78%	4.80%	4.53%	3.38%	5.77%
AAU Public Universities (mean)	$14,431	$14,068	$13,801	$13,501	$13,184
% increase from prior year	2.58%	1.93%	2.22%	2.40%	2.54%
Non-Resident Graduate — UNC-CH	$29,140	$28,817	$28,285	$27,805	$27,459
% increase from prior year	1.12%	1.87%	1.72%	1.25%	6.51%
AAU Public Universities (mean)	$29,520	$28,799	$28,178	$27,482	$26,793
% increase from prior year	2.50%	2.20%	2.53%	2.57%	2.39%

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,	2018	2017	2016	2015	2014
			(as restated)		(as restated)
State and Local Grants and Contracts	$12,754	$19,600	$29,433	$17,227	$37,613
State Appropriations and State Aid	518,231	500,212	493,923	479,186	482,728
Noncapital Grants	115,456	117,617	74,924	88,596	122,611
Capital Appropriations	9,038	12,869	8,767	1,600	4,313
Capital Grants	13,150	3,790	8,997	29,631	41,507
NC State Government	**$668,629**	**$654,088**	**$616,044**	**$616,240**	**$688,772**
% increase (decrease) from prior year	**2.22%**	**6.18%**	**-0.03%**	**-10.53%**	**-10.30%**
Federal Grants and Contracts	$711,778	$643,953	$639,351	$716,564	$707,514
Noncapital Grants	22,818	15,992	19,607	36,232	18,622
Federal Government	**$734,596**	**$659,945**	**$658,958**	**$752,796**	**$726,136**
% increase (decrease) from prior year	**11.31%**	**0.15%**	**-12.47%**	**3.67%**	**19.98%**

Debt Capacity and Ratios

Long-Term Debt

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
General Revenue Debt	$1,234,650	$1,269,885	$1,296,870	$1,263,270	$1,284,745
Plus Unamortized Discount/Premium	34,967	36,960	38,953	284	782
Net General Revenue Debt	**1,269,617**	**1,306,845**	**1,335,823**	**1,263,554**	**1,285,527**
Revenue Bonds	0	0	0	16,303	23,819
Plus Unamortized Discount/Premium	0	0	0	(16)	(24)
Net Revenue Bonds	0	0	**0**	**16,287**	**23,795**
Total Bonds Payable	**1,269,617**	**1,306,845**	**1,335,823**	**1,279,841**	**1,309,322**
Notes Payable and Line of Credit	64,701	67,197	70,067	54,215	56,127
Capital Leases Payable	0	0	456	877	989
Total	**$1,334,318**	**$1,374,042**	**$1,406,346**	**$1,334,933**	**$1,366,438**
Long Term Debt (whole dollars):					
per Student FTE	$45,374	$46,637	$50,190	$47,920	$48,873
per Dollar of Total Grants and Contracts	$1.01	$1.04	$1.13	$1.23	$1.38
per Dollar of State Appropriations and State Aid	$2.15	$2.34	$2.62	$2.50	$2.52

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
Net General Revenue Debt	$1,269,617	$1,306,845	$1,335,823	$1,263,554	$1,285,527
Commercial Paper Program	19,000	0	0	35,000	25,000
Total General Revenue Debt	**$1,288,617**	**$1,306,845**	**$1,335,823**	**$1,298,554**	**$1,310,527**
General Revenue Debt (whole dollars):					
per Student FTE	$43,820	$44,356	$47,673	$46,615	$46,874
per Dollar of Total Grants and Contracts	$0.97	$0.99	$1.07	$1.19	$1.32
per Dollar of State Appropriations	$2.07	$2.22	$2.49	$2.43	$2.41

Data Used in the Above Calculations	2023	2022	2021	2020	2019
Total Student FTE	29,407	29,463	28,021	27,857	27,959
State Appropriations	**$622,040**	**$587,593**	**$537,409**	**$534,766**	**$543,274**
Federal Grants and Contracts	$908,048	$833,459	$763,623	$722,462	$710,288
State and Local Grants and Contracts	21,175	13,390	13,091	15,207	12,172
Nongovernmental Grants and Contracts	176,182	172,871	182,500	149,674	143,681
Noncapital Grants	219,137	300,578	288,134	202,262	123,913
Total Grants and Contracts	**$1,324,542**	**$1,320,298**	**$1,247,348**	**$1,089,605**	**$990,054**

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,	2018	2017	2016	2015	2014
					(as restated)
General Revenue Debt	$1,305,775	$1,271,860	$1,293,735	$1,288,640	$1,302,255
Plus Unamortized Discount/Premium	1,282	7,345	7,688	18,008	28,855
Net General Revenue Debt	**1,307,057**	**1,279,205**	**1,301,423**	**1,306,648**	**1,331,110**
Revenue Bonds	30,961	37,713	44,116	50,152	59,866
Plus Unamortized Discount/Premium	(32)	(40)	(48)	(56)	(92)
Net Revenue Bonds	**30,929**	**37,673**	**44,068**	**50,096**	**59,774**
Total Bonds Payable	**1,337,986**	**1,316,878**	**1,345,491**	**1,356,744**	**1,390,884**
Notes Payable and Line of Credit	60,254	62,326	71,739	58,125	44,829
Capital Leases Payable	1,345	1,147	0	192	485
Total	**$1,399,585**	**$1,380,351**	**$1,417,230**	**$1,415,061**	**$1,436,198**
Long Term Debt (whole dollars):					
per Student FTE	$50,305	$50,156	$52,728	$52,464	$53,214
per Dollar of Total Grants and Contracts	$1.43	$1.46	$1.53	$1.47	$1.38
per Dollar of State Appropriations	$2.70	$2.76	$2.87	$2.95	$2.98

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
Net General Revenue Debt	$1,307,057	$1,279,205	$1,301,423	$1,306,648	$1,331,110
Commercial Paper Program	15,000	63,000	33,000	28,000	18,000
Total General Revenue Debt	**$1,322,057**	**$1,342,205**	**$1,334,423**	**$1,334,648**	**$1,349,110**
General Revenue Debt (whole dollars):					
per Student FTE	$47,518	$48,770	$49,647	$49,483	$49,987
per Dollar of Total Grants and Contracts	$1.35	$1.42	$1.44	$1.38	$1.29
per Dollar of State Appropriations	$2.55	$2.68	$2.70	$2.79	$2.79

Data Used in the Above Calculations	2018	2017	2016	2015	2014
Total Student FTE	27,822	27,521	26,878	26,972	26,989
State Appropriations	**$518,231**	**$500,212**	**$493,923**	**$479,186**	**$482,728**
Federal Grants and Contracts	$711,778	$643,953	$639,351	$716,564	$707,514
State and Local Grants and Contracts	12,754	19,600	29,433	17,227	37,613
Nongovernmental Grants and Contracts	113,974	147,670	160,714	106,762	158,133
Noncapital Grants	138,275	133,608	94,531	124,829	141,233
Total Grants and Contracts	**$976,781**	**$944,831**	**$924,029**	**$965,382**	**$1,044,493**

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
					(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)
+ Primary Reserve Ratio	1.32 x	1.41 x	1.45 x	0.96 x	1.02 x	0.94 x	0.89 x	0.90 x	0.91 x	0.83 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	9.92	10.60	10.83	7.22	7.67	7.07	6.69	6.77	6.84	6.24
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	3.47	3.71	3.79	2.53	2.68	2.47	2.34	2.37	2.39	2.18
= Ratio 10.00 Cap Subtotal	3.47	3.50	3.50	2.53	2.68	2.47	2.34	2.37	2.39	2.18
+ Return on Net Position Ratio	7.7%	7.4%	52.7%	0.8%	19.6%	12.9%	4.5%	(1.7%)	3.0%	2.3%
/ 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	3.85	3.70	26.35	0.40	9.80	6.45	2.25	(0.85)	1.50	1.15
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.77	0.74	5.27	0.08	1.96	1.29	0.45	(0.17)	0.30	0.23
= Ratio 10.00 Cap Subtotal	0.77	0.74	2.00	0.08	1.96	1.29	0.45	(0.17)	0.30	0.23
+ Net Operating Revenues Ratio	8.6%	6.5%	28.8%	-0.8%	10.9%	5.4%	2.9%	(4.0%)	1.0%	(1.1%)
/ 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	12.29	9.29	41.14	(1.14)	15.57	7.71	4.14	(5.71)	1.43	(1.57)
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	1.23	0.93	4.11	(0.11)	1.56	0.77	0.41	(0.57)	0.14	(0.16)
= Ratio 10.00 Cap Subtotal	1.00	0.93	1.00	(0.11)	1.00	0.77	0.41	(0.57)	0.14	(0.16)
+ Viability Ratio	3.6 x	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
/ 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	8.63	8.39	8.15	5.52	5.52	5.04	4.56	4.32	4.56	4.32
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	3.02	2.94	2.85	1.93	1.93	1.76	1.60	1.51	1.60	1.51
= Ratio 10.00 Cap Subtotal	3.02	2.94	2.85	1.93	1.93	1.76	1.60	1.51	1.60	1.51
Composite Financial Index	**8.49**	**8.32**	**16.02**	**4.43**	**8.13**	**6.29**	**4.80**	**3.14**	**4.43**	**3.76**
Composite Financial Index with 10.00 Cap	**8.26**	**8.11**	**9.35**	**4.43**	**7.57**	**6.29**	**4.80**	**3.14**	**4.43**	**3.76**

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.

Primary Reserve Ratio

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
Unrestricted Net Position*	$1,662,937	$1,650,029	$1,483,384	$1,137,848	$1,166,941
Unrestricted Net Assets - Component Units **	114,474	111,136	105,909	75,959	72,053
Expendable Restricted Net Position*	2,363,151	2,297,474	2,378,061	1,506,154	1,537,060
Temporarily Restricted Net Assets - Component Units **	770,159	800,881	779,596	479,671	489,026
Expendable Net Position and Net Assets	**$4,910,721**	**$4,859,520**	**$4,746,950**	**$3,199,632**	**$3,265,080**
Operating Expenses	$3,557,960	$3,316,486	$3,136,148	$3,188,788	$3,050,681
Nonoperating Expenses	59,142	60,209	79,763	76,187	77,900
Expenses - Component Units**	106,660	77,170	67,166	74,317	64,740
Total Expenses	**$3,723,762**	**$3,453,865**	**$3,283,077**	**$3,339,292**	**$3,193,321**
Ratio	**1.32 x**	**1.41 x**	**1.45 x**	**0.96 x**	**1.02 x**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)
Unrestricted Net Position*	$1,030,338	$774,189	$862,613	$883,668	$766,194
Unrestricted Net Assets — Component Units **	63,519	57,301	51,046	51,895	45,698
Expendable Restricted Net Position	1,440,169	1,545,891	1,372,533	1,453,008	1,390,715
Temporarily Restricted Net Assets — Component Units **	449,747	424,862	367,995	397,111	360,420
Expendable Net Position and Net Assets	**$2,983,773**	**$2,802,243**	**$2,654,187**	**$2,785,682**	**$2,563,027**
Operating Expenses	$3,044,426	$3,013,412	$2,827,249	$2,924,684	$2,983,049
Nonoperating Expenses	78,719	82,226	78,962	75,674	71,112
Expenses — Component Units**	61,469	55,110	50,945	44,675	48,463
Total Expenses	**$3,184,614**	**$3,150,748**	**$2,957,156**	**$3,045,033**	**$3,102,624**
Ratio	**0.94 x**	**0.89 x**	**0.90 x**	**0.91 x**	**0.83 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 12 - 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,	2023	2022	2021	2020	2019
Change in Net Position	$414,436	$307,058	$1,380,018	$11,820	$460,211
Change in Net Position — Component Units*	2,097	69,959	368,321	13,981	88,137
Total Change in Net Position	**$416,533**	**$377,017**	**$1,748,339**	**$25,801**	**$548,348**
Net Position (Beginning of Year)	$3,956,991	$3,649,932	$2,269,915	$2,258,094	$1,851,379
Net Position (Beginning of Year) — Component Units*	1,483,771	1,413,812	1,045,490	1,031,509	943,372
Total Net Position (Beginning of Year)	**$5,440,762**	**$5,063,744**	**$3,315,405**	**$3,289,603**	**$2,794,751**
Ratio	**7.7%**	**7.4%**	**52.7%**	**0.8%**	**19.6%**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
			(as restated)		(as restated)
Change in Net Position	$226,949	$144,668	($80,776)	$90,556	$43,161
Change in Net Position — Component Units*	90,613	97,452	(10,130)	67,776	74,715
Total Change in Net Position	**$317,562**	**$242,120**	**($90,906)**	**$158,332**	**$117,876**
Net Position (Beginning of Year)	**$1,611,069**	**$4,579,480**	**$4,660,256**	**$4,576,356**	**$4,533,195**
Net Position (Beginning of Year) — Component Units*	852,759	755,307	767,344	699,568	624,853
Total Net Position (Beginning of Year)	**$2,463,828**	**$5,334,787**	**$5,427,600**	**$5,275,924**	**$5,158,048**
Ratio	**12.9%**	**4.5%**	**(1.7%)**	**3.0%**	**2.3%**

'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 Revenues Ratio

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
Income (Loss) Before Other Revenues	**$338,298**	**$226,846**	**$1,266,675**	**($27,004)**	**$365,788**
Total Operating Revenues	**$2,760,142**	**$2,574,066**	**$2,319,933**	**$2,226,992**	**$2,296,008**
State Appropriations	622,040	587,593	537,409	534,766	543,274
Noncapital Gifts and Grants, Net	395,518	385,978	444,027	359,279	317,153
Investment Income (Loss), Net	144,153	(63,588)	1,099,206	95,460	206,536
Adjusted Net Operating Revenues	**$3,921,853**	**$3,484,049**	**$4,400,575**	**$3,216,497**	**$3,362,971**
Ratio	**8.6%**	**6.5%**	**28.8%**	**-0.8%**	**10.9%**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
					(as restated)
Income (Loss) Before Other Revenues	**$178,661**	**$94,046**	**($110,968)**	**$28,367**	**($34,332)**
Total Operating Revenues	**$2,216,424**	**$2,124,203**	**$2,087,212**	**$2,031,285**	**$2,039,238**
State Appropriations	518,231	500,212	493,923	479,186	482,728
Noncapital Gifts and Grants, Net	312,156	313,746	219,019	279,894	238,649
Investment Income (Loss), Net	292,215	267,070	(50,950)	195,407	258,372
Adjusted Net Operating Revenues	**$3,339,026**	**$3,205,231**	**$2,749,204**	**$2,985,772**	**$3,018,987**
Ratio	**5.4%**	**2.9%**	**(4.0%)**	**1.0%**	**(1.1%)**

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,	2023	2022	2021	2020	2019
Unrestricted Net Position*	$1,662,937	$1,650,029	$1,483,384	$1,137,848	$1,166,941
Unrestricted Net Assets — Component Units **	114,474	111,136	105,909	75,959	72,053
Expendable Restricted Net Position	2,363,151	2,297,474	2,378,061	1,506,154	1,537,060
Temporarily Restricted Net Assets — Component Units **	770,159	800,881	779,596	479,671	489,026
Expendable Net Position and Net Assets	**$4,910,721**	**$4,859,520**	**$4,746,950**	**$3,199,632**	**$3,265,080**
Bonds	$1,269,617	$1,306,845	$1,335,823	$1,279,840	$1,309,323
Commercial Paper	19,000	-	-	35,000	25,000
Capital Leases	-	-	456	877	989
Notes	64,701	67,197	70,067	54,215	56,127
Notes — Component Units **	1,860	2,037	2,210	2,372	2,520
Total Adjusted University Debt	**$1,355,178**	**$1,376,079**	**$1,408,556**	**$1,372,304**	**$1,393,959**
Ratio	**3.6 x**	**3.5 x**	**3.4 x**	**2.3 x**	**2.3 x**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)
Unrestricted Net Position*	$1,030,338	$774,189	$862,613	$883,668	$766,194
Unrestricted Net Assets — Component Units **	63,519	57,301	51,046	51,895	45,698
Expendable Restricted Net Position	1,440,169	1,545,891	1,372,533	1,453,008	1,390,715
Temporarily Restricted Net Assets — Component Units **	449,747	424,862	367,995	397,111	360,420
Expendable Net Position and Net Assets	**$2,983,773**	**$2,802,243**	**$2,654,187**	**$2,785,682**	**$2,563,027**
Bonds	**$1,337,986**	**$1,316,878**	**$1,345,491**	**$1,356,744**	**$1,390,884**
Commercial Paper	15,000	63,000	33,000	28,000	18,000
Capital Leases	1,345	1,147	-	192	485
Notes	60,254	62,326	71,739	58,125	44,829
Notes — Component Units **	2,664	2,785	2,000	2,000	-
Total Adjusted University Debt	**$1,417,249**	**$1,446,136**	**$1,452,230**	**$1,445,061**	**$1,454,198**
Ratio	**2.1 x**	**1.9 x**	**1.8 x**	**1.9 x**	**1.8 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 12 - Note 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,	2023	2022	2021	2020	2019
Interest and Fees Paid on Debt	$47,137	$47,380	$51,189	$51,302	$51,052
Less: Interest and Fees Paid — U.S. EPA Project Bonds *	0	0	0	0	0
Principal Paid on Debt	37,731	29,855	153,138	32,288	184,497
Less: Non-Contractual Principal Paid from Gifts and Excess Funds	0	0	0	0	0
Less: Principal Paid from Refinancing Activities	0	0	(112,805)	0	(150,000)
Less: Principal Paid — U.S. EPA Project Bonds *	0	0	0	0	0
Debt Service	**$84,868**	**$77,235**	**$91,522**	**$83,590**	**$85,549**
Operating Expenses	**$3,557,960**	**$3,316,486**	**$3,136,148**	**$3,188,788**	**$3,050,681**
Ratio	**2.4%**	**2.3%**	**2.9%**	**2.6%**	**2.8%**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
					(as restated)
Interest and Fees Paid on Debt	$53,540	$56,960	$62,561	$58,235	$72,031
Less: Interest and Fees Paid — U.S. EPA Project Bonds *	0	0	0	0	(5)
Principal Paid on Debt	86,482	99,119	555,598	293,282	35,618
Less: Non-Contractual Principal Paid from Gifts and Excess Funds	0	(68,829)	(1,328)	(1,149)	(5,133)
Less: Principal Paid from Refinancing Activities	(54,925)	0	(527,055)	(261,000)	0
Less: Principal Paid — U.S. EPA Project Bonds *	0	0	0	(4,210)	(4,210)
Debt Service	**$85,097**	**$87,250**	**$89,776**	**$85,158**	**$98,301**
Operating Expenses	**$3,044,426**	**$3,013,412**	**$2,827,249**	**$2,924,684**	**$2,983,049**
Ratio	**2.8%**	**2.9%**	**3.2%**	**2.9%**	**3.3%**

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,	2023	2022	2021	2020	2019
Research Expenses	**$723,253**	**$666,601**	**$632,624**	**$609,747**	**$595,395**
Operating Expenses	$3,557,960	$3,316,486	$3,136,148	$3,188,788	$3,050,681
Nonoperating Expenses	59,142	60,209	79,763	76,187	77,900
Total Expenses	**$3,617,102**	**$3,376,695**	**$3,215,911**	**$3,264,975**	**$3,128,581**
Ratio	**20.0%**	**19.7%**	**19.7%**	**18.7%**	**19.0%**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
					(as restated)
Research Expenses	**$601,890**	**$595,219**	**$546,228**	**$714,093**	**$546,752**
Operating Expenses	$3,044,426	$3,013,412	$2,827,249	$2,924,684	$2,983,049
Nonoperating Expenses	78,719	82,226	78,962	75,674	71,112
Total Expenses	**$3,123,145**	**$3,095,638**	**$2,906,211**	**$3,000,358**	**$3,054,161**
Ratio	**19.3%**	**19.2%**	**18.8%**	**23.8%**	**17.9%**

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,	2023	2022	2021	2020	2019
Student Tuition and Fees, Net	$479,786	$464,123	$412,072	$400,349	$424,391
Less: Scholarships and Fellowships	(109,903)	(132,927)	(121,920)	(106,483)	(88,821)
Net Tuition and Fees	**$369,883**	**$331,196**	**$290,152**	**$293,866**	**$335,570**
Undergraduate, Graduate and Professional FTE	**29,407**	**29,463**	**28,021**	**27,857**	**27,959**
Net Tuition per Student (whole dollars)	**$12,578**	**$11,241**	**$10,355**	**$10,549**	**$12,002**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
					(as restated)
Student Tuition and Fees, Net	$438,405	$426,856	$405,808	$395,005	$361,771
Less: Scholarships and Fellowships	(131,467)	(123,740)	(122,816)	(119,453)	(112,449)
Net Tuition and Fees	**$306,938**	**$303,116**	**$282,992**	**$275,552**	**$249,322**
Undergraduate, Graduate and Professional FTE	**27,822**	**27,521**	**26,878**	**26,972**	**26,989**
Net Tuition per Student (whole dollars)	**$11,032**	**$11,014**	**$10,529**	**$10,216**	**$9,238**

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,	2023	2022	2021	2020	2019
State Appropriations	$622,040	$587,593	$537,409	$534,766	$543,274
Undergraduate, Graduate and Professional FTE	29,407	29,463	28,021	27,857	27,959
State Appropriations per Student (whole dollars)	**$21,153**	**$19,944**	**$19,179**	**$19,197**	**$19,431**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
					(as restated)
State Appropriations	$518,231	$500,212	$493,923	$479,186	$482,728
Undergraduate, Graduate and Professional FTE	27,822	27,521	26,878	26,972	26,989
State Appropriations per Student (whole dollars)	**$18,627**	**$18,176**	**$18,376**	**$17,766**	**$17,886**

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,	2023	2022	2021	2020	2019
Specific Revenue Bond Coverage*:					
Gross Operating Revenues	N/A	N/A	N/A	$126,099	$124,783
Direct Operating Expenses				98,491	108,989
Net Revenue Available for Debt Service				**$27,608**	**$15,793**
Principal				$8,415	$8,415
Interest				0	0
Specific Revenue Debt Service Requirements				**$8,415**	**$8,415**
Coverage	**N/A***	**N/A***	**N/A***	**3.28**	**1.88**
Available Funds General Revenue Bonds:					
Total Unrestricted Revenue	$2,509,710	$2,525,253	$3,352,129	$2,179,351	$2,427,701
Less:					
State Appropriations and State Aid	(635,290)	(605,075)	(585,015)	(534,766)	(543,274)
Tuition and Fees	(479,786)	(464,123)	(412,073)	(400,349)	(424,391)
Specific Revenue Debt Service Requirements	0	0	0	(8,415)	(8,415)
Plus:					
Adjusted Beginning Unrestricted Net Assets**	1,337,205	1,259,732	985,883	1,166,941	1,030,338
Total Available Funds	**$2,731,839**	**$2,715,786**	**$3,340,925**	**$2,402,763**	**$2,481,958**
General Revenue Bond Coverage:					
Total Available Funds	**$2,731,839**	**$2,715,786**	**$3,340,925**	**$2,402,763**	**$2,481,958**
Principal	$35,235	$26,985	$22,345	$21,475	$21,955
Interest	37,982	31,355	34,609	38,579	40,590
General Revenue Debt Service Requirements	**$73,217**	**$58,340**	**$56,954**	**$60,054**	**$62,545**
Coverage	**37.31**	**46.55**	**58.66**	**40.01**	**39.68**

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.

* The Specific Revenue Bond Coverage ratio is 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 12 for additional information.

Specific Revenue and General Bond Coverage (Continued)

Last ten fiscal years | In thousands

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
Specific Revenue Bond Coverage*:	(as restated)	(as restated)		(as restated)	
Gross Operating Revenues	$127,645	$127,344	$131,807	$130,501	$134,421
Direct Operating Expenses	102,373	101,484	105,950	102,288	90,534
Net Revenue Available for Debt Service	**$25,272**	**$25,860**	**$25,857**	**$28,213**	**$43,887**
Principal	$8,410	$8,415	$8,410	$12,625	$12,625
Interest	0	0	0	0	0
Specific Revenue Debt Service Requirements	**$8,410**	**$8,415**	**$8,410**	**$12,625**	**$12,625**
Coverage	**3.00**	**3.07**	**3.07**	**2.23**	**3.48**
Available Funds General Revenue Bonds:					
Total Unrestricted Revenue	$2,311,918	$2,448,814	$1,247,665	$1,709,235	$1,830,170
Less:					
State Appropriations and State Aid	(518,231)	(500,212)	(493,923)	(479,186)	(482,728)
Tuition and Fees	(438,405)	(426,856)	(405,808)	(395,005)	(361,771)
Specific Revenue Debt Service Requirements	(8,415)	(8,410)	(8,415)	(12,625)	(12,625)
Plus:					
Adjusted Beginning Unrestricted Net Assets**	774,189	862,613	883,668	766,194	972,888
Total Available Funds	**$2,121,056**	**$2,375,949**	**$1,223,187**	**$1,588,613**	**$1,945,934**
General Revenue Bond Coverage:					
Total Available Funds	**$2,121,056**	**$2,375,949**	**$1,223,187**	**$1,588,613**	**$1,945,934**
Principal	$21,385	$18,805	$18,805	$18,215	$17,580
Interest	38,040	45,542	45,542	48,951	48,764
General Revenue Debt Service Requirements	**$59,425**	**$64,347**	**$64,347**	**$67,166**	**$66,344**
Coverage	**35.69**	**36.92**	**19.01**	**23.65**	**29.33**

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.

* The Specific Revenue Bond Coverage ratio is 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 12 for additional information.

Demographic and Economic Information

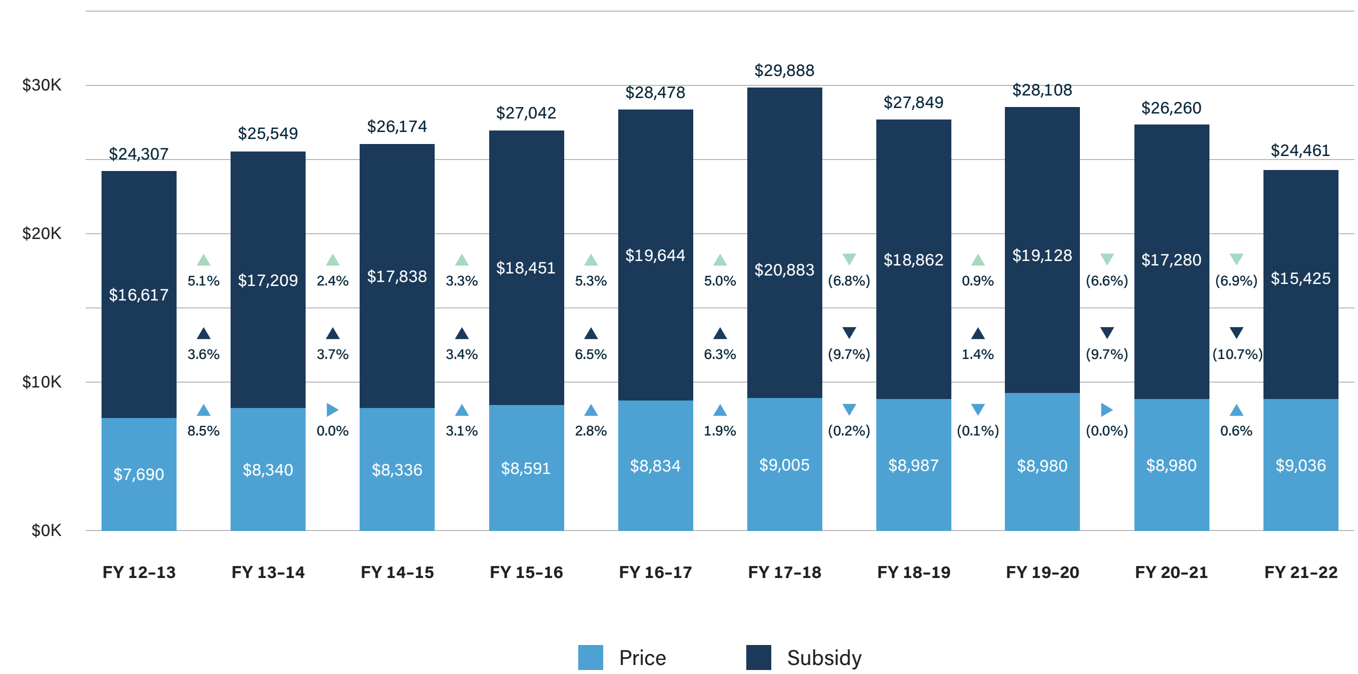
Annual Undergraduate Educational Costs Per Student

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.

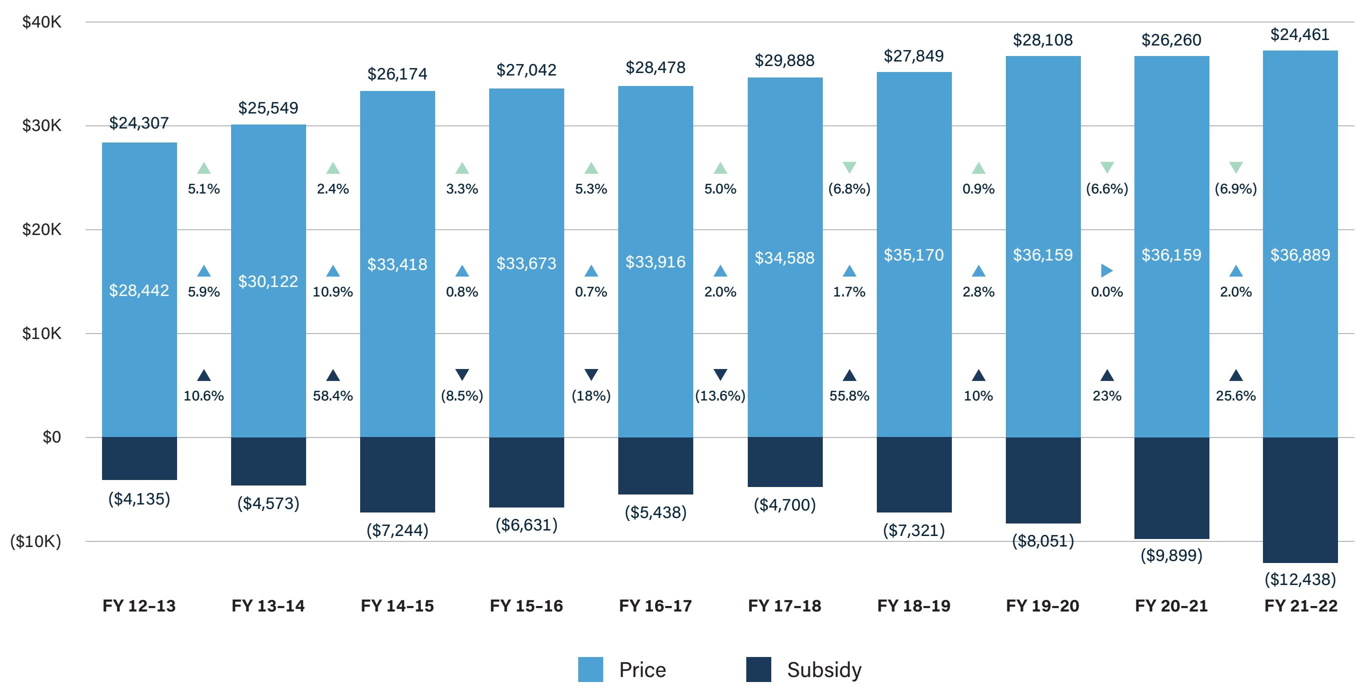
Annual Undergraduate Educational Costs Per Student

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:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Applications	57,221	53,780	44,382	44,859	43,473	40,918	35,875	31,953	31,331	30,835
Admissions	9,640	10,349	10,446	9,610	9,524	9,709	9,400	9,510	8,929	8,243
Enrollments	4,435	4,687	4,446	4,183	4,336	4,356	4,228	4,076	3,976	3,946
Acceptance Rate	16.8%	19.2%	23.5%	21.4%	21.9%	23.7%	26.2%	29.8%	28.5%	26.7%
Yield Rate	46.0%	45.3%	42.6%	43.5%	45.5%	44.9%	45.0%	42.9%	44.5%	47.9%
Average SAT Scores — Total*	1,441	1,416	1,368	1,383	1,373	1,358	1,344	1,360	1,364	1,371
Evidence-Based Reading and Reading	713	702	680	700	681	674	673	682	685	687
Math	728	714	688	683	692	684	671	678	679	684
Average ACT Composite Scores*	31	30	28	30	30	30	30	29	29	29

Enrollment:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Undergraduate, Graduate and Professional FTE	29,407	29,463	28,021	27,857	27,959	27,822	27,521	26,878	26,972	26,989
Undergraduate, Graduate and Professional Headcount	31,705	31,641	30,092	29,877	30,011	29,911	29,468	29,084	29,135	29,127
Men (Headcount)	12,586	12,745	12,331	12,375	12,560	12,735	12,641	12,514	12,654	12,442
Percentage of Total	39.7%	40.3%	41.0%	41.4%	41.9%	42.6%	42.9%	43.0%	43.4%	42.7%
Women (Headcount)	19,095	18,880	17,745	17,490	17,443	17,174	16,827	16,570	16,481	16,685
Percentage of Total	60.2%	59.7%	59.0%	58.6%	58.1%	57.4%	57.1%	57.0%	56.6%	57.3%
Other (Headcount)	24	16	16	12	8	2				
Percentage of Total	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian (Headcount)	3,873	3,561	3,275	3,000	2,928	2,836	2,685	3,614	2,410	2,280
Percentage of Total	12.2%	11.3%	10.9%	10.0%	9.8%	9.5%	9.1%	12.4%	8.3%	7.8%
Black or African-American (Headcount)	2,731	2,743	2,477	2,320	2,285	2,298	2,297	2,353	2,304	2,334
Percentage of Total	8.6%	8.7%	8.2%	7.8%	7.6%	7.7%	7.8%	8.1%	7.9%	8.0%
Hispanic (Headcount)	2,961	2,922	2,704	2,452	2,349	2,249	2,145	2,072	1,895	1,775
Percentage of Total	9.3%	9.2%	9.0%	8.2%	7.8%	7.5%	7.3%	7.1%	6.5%	6.1%
White (Headcount)	17,589	18,053	17,529	17,770	18,159	18,143	18,085	18,252	18,549	18,740
Percentage of Total	55.5%	57.1%	58.3%	59.5%	60.5%	60.7%	61.4%	62.8%	63.7%	64.3%
Other (Headcount)	4,551	4,362	4,107	4,335	4,290	4,385	4,256	2,793	3,977	3,998
Percentage of Total	14.4%	13.8%	13.6%	14.5%	14.3%	14.7%	14.4%	9.6%	13.7%	13.6%

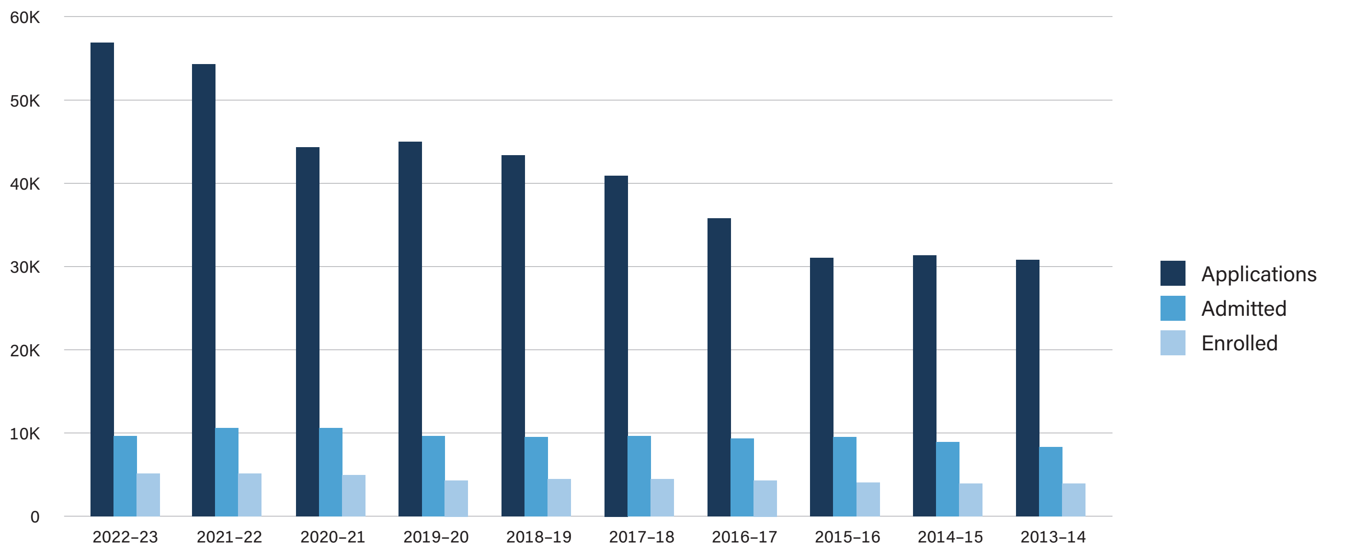
Degrees Earned**:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Bachelor's	4,939	4,883	4,934	4,829	4,662	4,628	4,557	4,525	4,624	4,566
Master's	2,791	2,439	2,292	2,440	2,403	2,178	2,187	2,187	2,140	2,090
Doctoral	541	502	446	576	514	501	566	542	519	557
Professional	671	631	698	660	665	707	683	703	700	672

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

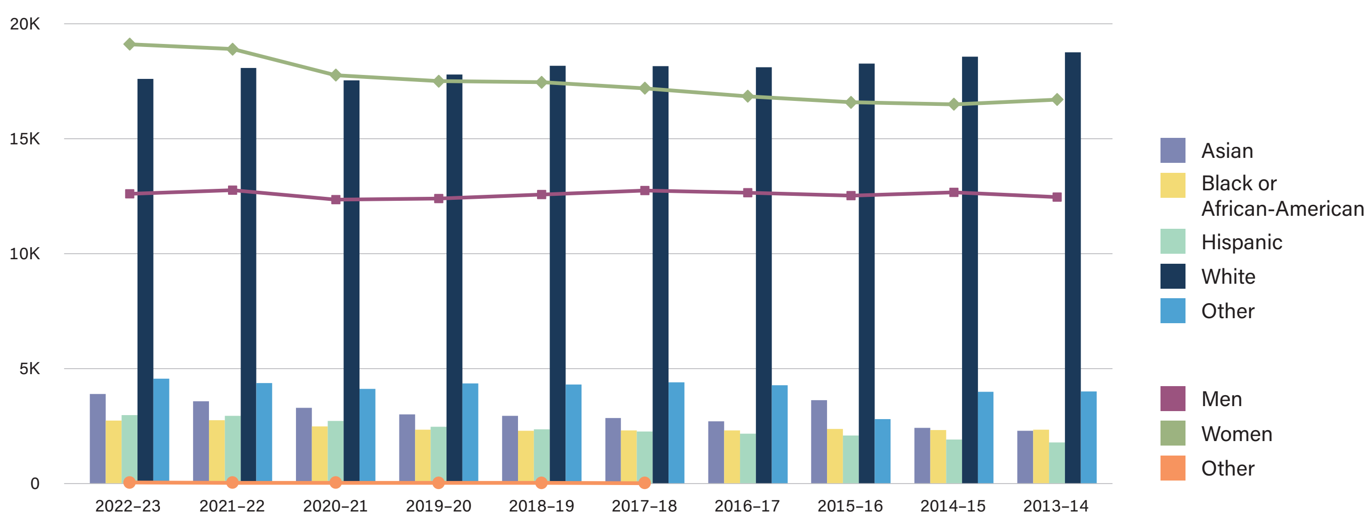
*Averages calculated using only the highest reported scores for enrolled first-time, first-year students. Also, beginning with the 2017 Cohort, SAT scores are reported using the new scoring scale and any old SAT score submitted have been converted to the new scale. Prior to the 2017 Cohort, any new SAT scores submitted have been converted to the old scoring scale. In addition, UNC-Chapel Hill admissions were test-optional for the Fall 2021 through Fall 2023 cohorts, which has resulted in a significant decrease in the number of students who submitted standardized test scores.

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

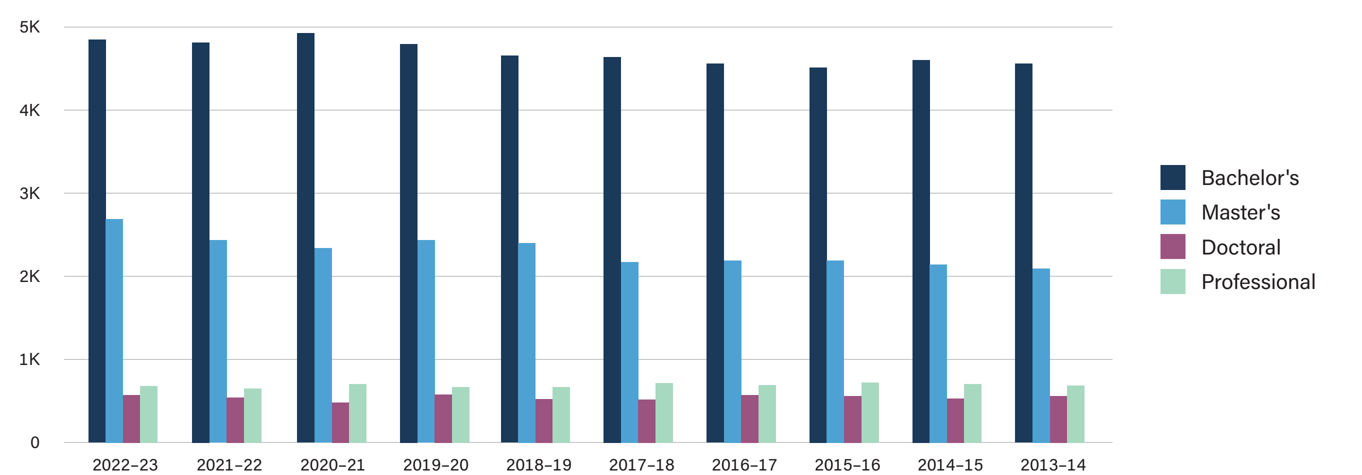
First Year Students Applied, Admitted, and Enrolled



Headcount Total



Degrees Earned



Demographic Data

Last ten fiscal years

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019
North Carolina Population	10,833,737	10,698,973	10,565,885	10,449,445	10,488,084
North Carolina Personal Income (in millions)	$629,548	$621,706	$599,134	$541,078	$501,587
North Carolina Per Capita Income	$58,110	$58,109	$56,705	$51,781	$48,366
North Carolina Unemployment Rate	3.30%	3.40%	4.60%	7.50%	4.20%

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
North Carolina Population	10,381,615	10,268,233	10,154,788	10,031,646	9,932,887
North Carolina Personal Income (in millions)	$473,093	$449,818	$429,055	$414,760	$393,886
North Carolina Per Capita Income	$46,040	$44,207	$42,582	$41,617	$39,866
North Carolina Unemployment Rate	4.20%	4.20%	4.90%	5.80%	6.40%

Sources: Office of the State Controller, North Carolina State Data Center, U.S. Census Bureau, U.S. Department of Commerce Bureau of Economic Analysis - N.C. Division of Employment of Security.

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

Principal Employers

Last ten fiscal years

Fiscal Year	2023			2014		
Employer	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of North Carolina	170,000-174,999	1	3.42%	180,000-184,999	1	4.16%
Federal Government	75,000-79,999	2	1.54%	65,000-69,999	2	1.54%
Wal-Mart Associates, Inc	60,000-64,999	3	1.24%	45,000-59,999	3	1.20%
Duke University	40,000-44,999	4	0.84%	30,000-34,999	5	0.74%
Food Lion LLC	35,000-39,999	5	0.74%	25,000-29,999	6	0.63%
Atrium Health	35,000-39,999	6	0.74%	-		-
Wells Fargo Bank NA	30,000-34,999	7	0.64%	25,000-29,999	7	0.63%
Wake County Public Schools	20,000-24,999	8	0.45%	20,000-24,999	10	0.51%
Amazon Fulfillment Services, Inc	20,000-24,999	9	0.45%	-		-
Lowes Home Centers, Inc	20,000-24,999	10	0.45%	-		-
Charlotte-Mecklenburg Hospital	-		-	30,000-34,999	4	0.74%
Charlotte-Mecklenburg Board of Education	-		-	20,000-24,999	8	0.51%
Bank of America NA	-		-	20,000-24,999	9	0.51%
Total	**505,000-554,990**		**10.51%**	**460,000-519,990**		**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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Academic/Administrative Buildings	136	136	135	136	136	136	136	137	135	135
Residence Halls/Auxiliary Buildings	95	94	94	92	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	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Faculty:										
Full-Time	3,903	3,831	3,804	3,727	3,660	3,589	3,557	3,482	3,375	3,406
Part-Time	271	280	281	309	290	298	293	296	292	290
Total Faculty	**4,174**	**4,111**	**4,085**	**4,036**	**3,950**	**3,887**	**3,850**	**3,778**	**3,667**	**3,696**
Percentage Tenured	**33.2%**	**33.2%**	**34.9%**	**35.2%**	**36.3%**	**36.8%**	**36.9%**	**38.0%**	**37.1%**	**37.1%**
Staff and EHRA Non-Faculty:										
Full-Time	2,836	2,601	2,568	2,479	2,234	2,136	2,024	1,918	1,847	1,815
Part-Time	73	88	104	104	104	109	120	153	128	126
EHRA Non-Faculty	**2,909**	**2,689**	**2,672**	**2,583**	**2,338**	**2,245**	**2,144**	**2,071**	**1,975**	**1,941**
Full-Time	5,577	5,460	6,170	6,234	6,248	6,300	6,191	6,115	6,110	6,099
Part-Time	112	131	181	176	205	220	226	223	212	247
SHRA	**5,689**	**5,591**	**6,351**	**6,410**	**6,453**	**6,520**	**6,417**	**6,338**	**6,322**	**6,346**
Total Full-Time	8,413	8,061	8,738	8,713	8,482	8,436	8,215	8,033	7,957	7,914
Total Part-Time	185	219	285	280	309	329	346	376	340	373
Total Staff and EHRA Non-Faculty	**8,598**	**8,280**	**9,023**	**8,993**	**8,791**	**8,765**	**8,561**	**8,409**	**8,297**	**8,287**
Total Faculty, Staff, and EHRA Non-Faculty	**12,772**	**12,391**	**13,108**	**13,029**	**12,741**	**12,652**	**12,411**	**12,187**	**11,964**	**11,983**

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.

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Carolina students on study abroad look out over El Junco Lagoon, a volcanic crater lake in the Galapagos Islands in Ecuador.

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Cover image features Carolina students touring El Junco Lagoon, a volcanic crater lake, during a study abroad field trip on San Cristobal Island in the Galapagos Islands in Ecuador. *July 1, 2022.*