

**NC STATE UNIVERSITY**

# NC State University Board of Trustees

## Audit, Risk Management and Finance Committee

April 21, 2022

Dorothy and Roy Park Alumni Center

Hood Board Room

Chair Ed Weisiger, Jr.

Members: Erik Dixon, McKenzy Heavlin, Ven Poole, Perry  
Safran, Dewayne Washington

# NC STATE UNIVERSITY

## April 21, 2022 Audit, Risk Management and Finance Committee Meeting

### Meeting Agenda

9:00am

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#### 1. Call to Order, Public Meeting Notice, Reading of Ethics Statement

##### A. Ethics Statement

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#### 2. Roll Call

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#### 3. Approval of Minutes

##### A. February 17, 2022 Meeting Minutes

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Action Item for Committee

#### 4. Action Items

##### A. FY23 All-Funds Budget Review and Approval\*

###### a. FY23 All-Funds Budget Narrative

###### b. FY23 All-Funds Budget Templates

###### c. FY23 All-Funds Budget Campus Process Checklist

Action Item for Committee and Full Board

##### B. Internal Audit Annual Plan Review and Approval

###### a. Proposed FY23 Audit Plan Package

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Action Item for Committee

#### 5. Informational Reports

##### A. Internal Audit Update

##### B. Budget Update

##### C. Finance Update

###### a. Finance Update

##### D. Associated Entities Review

###### a. Associated Entities Review

##### E. University Debt Update

a. University Debt Update 2022

F. Enterprise Risk Management Update

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6. Committee Discussion

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7. Additional Informational Materials

A. NC State Investment Fund Performance

a. NC State Investment Fund Performance

B. NC State Intermediate Term Fund Performance

a. NC State Intermediate Term Fund  
Performance

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8. Adjourn



## NORTH CAROLINA STATE ETHICS COMMISSION

SAMPLE<sup>1</sup>

### **ETHICS AWARENESS & CONFLICT OF INTEREST REMINDER**

(to be read by the Chair or his or her designee at the beginning of each meeting)

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In accordance with the State Government Ethics Act, it is the duty of every [Board] member to avoid both conflicts of interest and appearances of conflict.

Does any [Board] member have any known conflict of interest or appearance of conflict with respect to any matters coming before the [Board] today?

If so, please identify the conflict or appearance of conflict and refrain from any undue participation<sup>2</sup> in the particular matter involved.

Rev. 1-16-07

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<sup>1</sup> N.C.G.S. §138A-15 (e): “At the beginning of any meeting of a board, the chair shall remind all members of their duty to avoid conflicts of interest and appearances of conflict under [Chapter 138A].” There is no set language required by the Act. Specific language can and should be tailored to fit the needs of each covered board as necessary.

<sup>2</sup> “A public servant shall take appropriate steps, under the particular circumstances and considering the type of proceeding involved, to remove himself or herself to the extent necessary, to protect the public interest and comply with this Chapter, from any proceeding in which the public servant’s impartiality might reasonably be questioned due to the public servant’s familial, personal, or financial relationship with a participant in the proceeding.” See N.C.G.S. §138A-36 (c). If necessary, the Chairman or individual member involved should consult with his ethics liaison, legal counsel, or the State Ethics Commission to help determine the appropriate response in a given situation.



## **OPEN SESSION MINUTES**

Audit, Risk Management and Finance Committee  
Board of Trustees  
North Carolina State University  
February 17, 2022

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The Audit, Risk Management and Finance Committee of the Board of Trustees of North Carolina State University met in Winslow Hall on February 17, 2022.

Members present: Perry Safran, Acting Chair  
Erik Dixon  
McKenzy Heavlin  
Ven Poole  
Dewayne N. Washington  
Absent: Edward I. "Ed" Weisiger, Jr., Chair

Acting Chair Safran called the meeting to order at 9:02 a.m., and explained that he was serving as chair on behalf of Chair Ed Weisiger who could not be in attendance. He began the meeting by acknowledging Trustee Erik Dixon, newest member of the committee. He then informed the committee that the Chair of the Board of Trustees has asked that our meetings revert to the standard procedural format in lieu of the requirements of a remote meeting. We will no longer require votes to be taken by roll call. However, we will call the roll for quorum purposes. Trustees are asked to continue to identify themselves when making a motion or seconding a motion.

Acting Chair Safran then reminded those in attendance that while the Committee meeting is a public meeting, it is not a meeting for public comment and only those on the agenda will be permitted to speak. Acting Chair Safran also reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Committee at this meeting. Acting Chair Safran then called on Missie Davis for the roll call.

### **ROLL CALL**

The roll was called and a quorum was present.

### **MINUTES**

Trustee Goodnight made the motion, seconded by Trustee Heavlin, to approve the open session minutes of the November 11, 2021 meeting. The minutes were approved unanimously as presented.

### **INFORMATIONAL REPORTS**

#### **.INTERNAL AUDIT UPDATE – CECILE M. HINSON**

Cecile M. Hinson, Chief Audit Officer and Director provided a review on the status of audit engagements for fiscal year 2022. There have been forty-five (45) engagements including eleven (11) closed, eighteen (18) in progress, four (4) that are on hold, four (4) that are ongoing, and eight (8) that have not started. Activities in progress since the last meeting include two (2) reports, one (1) audit in progress, and four (4) audits awaiting resources. Ms. Hinson reviewed the recently released College of Sciences Information Technology General Controls Audit report which included 11 issues and the corrective actions planned to remediate those issues.

#### ALL- FUNDS BUDGET UPDATE – CHARLES A. MAIMONE

Charles A. Maimone, Vice Chancellor for Finance and Administration, provided a summary of the FY23 All-Funds Budget requirements and reviewed the three required components: (1) a two-page narrative that explains how the All-Funds Budget reflects investment in mission-aligned activities, (2) Budget Templates for University-Level, 10 Colleges, and 19 Academic, Auxiliary, and Business Units, and (3) a Campus Process Checklist. He explained the Campus Budget Development Process, which includes engaging all university departments, colleges, and units providing them training and opportunity to provide comments/suggestions. He then provided a draft of NC State's All-Funds Budget to be presented at the April BOT meeting for review and approval.

#### BUDGET UPDATE – CHARLES A. MAIMONE

Charles A. Maimone, Vice Chancellor for Finance and Administration, briefly discussed the 2021-23 biennial operating budget summary, mentioning that all employees would receive a legislative increase to be paid in form of a bonus. He gave a status update on capital funding projects, specifically, the Integrative Science Building (STEM Building), Engineering NC's Future (College of Engineering Expansion), indicating renovations are moving along quickly on these projects.

#### FINANCE UPDATE – MARY PELOQUIN-DODD

Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer, reported on interim financials for the current fiscal year, comparing results for the first 6 months of fiscal 2022 with the same period for fiscal 2021. Results are positive with an estimated increase in unrestricted net assets YTD of \$253 million and \$77 million, for fiscal years 2022 and 2021, respectively. Estimated Q1 and Q2 income statement performance is markedly better for the first six months of this fiscal year compared with the prior year, since operating revenue grew by 17%, or \$126 million. She presented full year revenue estimates for key revenue sources, and full year estimates for total revenue, expenses, and net operating loss. The bottom line picture shows estimated performance is considerably better for the first six months of this year than it was for the two prior fiscal years.

#### ANNUAL REPORT ON ENDOWMENT AND INVESTMENTS – MARY PELOQUIN-DODD

Ms. Peloquin Dodd provided the required annual report on endowment and investments, both long-term and short-term. The university reported an endowment of \$1.95 billion at June 30, 2021 with a one-year investment return of 38.2% for all university-related endowment. She reviewed the growth of the endowment over time, and the long-term investment performance. She touched on endowment spending across multiple purposes, increasing to \$65.7 million for fiscal 2023. Finally, she briefed the committee on the university's operating cash strategies.

#### INTERCOLLEGIATE ATHLETICS FINANCE AND BUDGET REPORT – BOO CORRIGAN AND BEVERLY ARMWOOD

Boo Corrigan, Director, Athletics and Beverly Armwood, Associate Director, Athletics, presented an extensive report on Athletics fiscal year budget for FY 2021-22. Ms. Armwood began by recognizing the athletic teams outstanding sports performance during FY 2020-21, and their academic accomplishments in light of COVID-19. She then discussed the initial projected revenue and expenses, including revenue received through increased fundraising initiatives, and significant expense reduction measures. She touched briefly on some changes that included salary reductions, furloughs, savings in travel and facility expenses, as well as game day savings that helped balance the overall budget for FY 2020-21.

The committee was directed to the pre-materials, the report on "Financial Reporting for Intercollegiate Athletics" for more information.

IT EFFORTS SUPPORTING DIGITAL TRANSFORMATION AND CYBER RISK MANAGEMENT – MARC HOIT

Marc Hoit, Vice Chancellor and Chief Information Officer, Office of Information Technology, presented “IT Efforts Supporting Digital Transformation and Cyber Risk Management.” He began by discussing initiatives in place to support the Universities Strategic Plan which include: empowering student success; preeminence in research, scholarship, innovation, collaboration, institutional effectiveness through transformational technologies, cutting edge processes, and actionable data; recognition for innovative partnerships, entrepreneurial thinking and applied problem-solving; and championing a culture of equity, diversity, inclusion, belonging & well-being. He gave an overview of IT Risk Management and its connection to enterprise risk. IT risk management is delegated to OIT to monitor, set policy and enforce IT security requirements and compliance.

Dr. Hoit also addressed 10 Critical IT Risks at NC State, (1) Recruitment & retention of IT staff, (2) Lack of unified access management, (3) Limited device management, (4) Incomplete data inventory, (5) Inadequate use of network segmentation, (6) Outdated business continuity plans, (7) Insufficient physical security of some campus systems, (8) Insufficient operational security, (9) Lack of security controls for non-production, and (10) Missing security requirements for some systems. He reviewed various solutions to manage multiple risks to include, Student Risks, Research Risks, and Financial Risks. He discussed solutions to IT recruitment and retention challenges, i.e., intern programs, connecting to NC State Veterans program, partnerships with Computer Science, Poole College of Management and implementing diversity, equity, and inclusion initiatives with the campus IT community. Dr. Hoit concluded by sharing key initiatives and ongoing projects.

Acting Chair Safran referred to the investment performance information that was included in the pre-materials.

With no further business, Acting Chair Safran adjourned the meeting at 10:40 a.m.

Respectfully submitted,

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Secretary

Approved:

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Chair of the Committee

## FY 23 All-Funds Budget for NC State University

NC State's land-grant mission to provide education, research, and outreach that benefits all North Carolinians drives the university's path forward and is reflected in the goals identified in our strategic planning processes, first in 2011 when we launched "The Pathway to the Future" and in 2022 when we took a renewed look at our plan and created "Wolfpack 2030: Powering the Extraordinary". A strong North Carolina depends on attracting students from all backgrounds, providing them with a high-quality experiential education, making extensive efforts to ensure that they graduate in a timely manner, and positioning them to solve society's grand challenges. Our state benefits greatly from NC State's position as a pre-eminent research enterprise, which continues to create and grow economic, societal, and intellectual prosperity. With the local, national, and global landscape constantly changing, we seek to improve the future by preparing today's students for tomorrow's careers in science, technology, engineering, and mathematics.

In 2017, NC State aligned our work with the UNC SO strategic plan, "Higher Expectations", and we have committed to creating a path forward for North Carolina through prioritizing success in increasing rural enrollments, our five-year undergraduate graduation rate, undergraduate degree efficiency, critical workforces, and research productivity.

The successes we have achieved through aligning resources (budget) with strategic goals and initiatives are summarized below:

- In the past 10 years, our first-year retention rate climbed to **94.3%**.
- Our six-year graduation rate increased from 73% to **85%** for students entering NC State as full-time first time students and graduating from NC State.
- Our five-year graduation rate used in the UNC SO strategic plan is **87.8%** including students who have graduated from any university.
- First-year applications for enrollment soared from 19,000 to close to **31,000**.
- Average SAT scores for incoming students improved from 1186 to **1337**.
- And student diversity and faculty diversity both increased in this period.
- We've seen recent gains in the proportion of incoming female students, Black students, Hispanic students, first-generation students and rural students
- Rural enrollments are up **10%** from fall 2017.
- Critical workforce credentials have increased **18%** from academic year 2016-17.
- Research productivity reported to the UNC SO have increased **14%**
- We're ranked **first in the nation**, among all institutions, for research financed by the U.S. Department of Agriculture.
- To date, more than **190 startups and spinoffs** — new companies — have been created from NC State intellectual property. And **20** of those were launched in the last year alone.
- The Association of University Technology Managers now ranks us **No. 4** among all U.S. universities for research-based startups.
- And we're **No. 1** nationwide for active licenses and options.

NC State is home to 37,556 (or 36,831, our IPEDS number) students and 12,803 (or 12,783 IPEDS) faculty and staff. Our footprint in Wake County includes our main campus (home to nine of our eleven colleges), centennial campus (home to the college of engineering, interdisciplinary research spaces and co-located industry partners) and the centennial biomedical campus (home to the college of veterinary medicine and their industry partners). In addition, NC State has locally focused agricultural extension

services in every North Carolina county and the Eastern Band of Cherokee. We manage a budget of \$2.1 billion consisting of state and federal appropriations, tuition and fees, contracts and grants, sales and services and other sources. The scope and scale of who we are and what we do requires a strategic approach to resource management. The outcome measures cited above provide evidence that NC State has been engaged in best practices encouraged by the all-funds budget initiative for over a decade; and continues with this focus.

To achieve these successes, NC State reviews budgets and expenditures in all funding sources relative to strategic initiatives in an ongoing, cyclic way both centrally and within the campus units. Specifically, the college annual review conducted by the Provost, with participation by the Chief Financial Officer and the Chief Research Officer, looks at a suite of data that captures college based performance relative to our mission. Data categories include student, faculty and staff as well as credit hour production, credentials awarded and graduation rates. These data are discussed alongside budget and expenditure data relative to the college, as well as any continuing and one-time allocations made by the Provost for strategic initiatives. Annual reviews of research, trust and fee supported units (non credit hour producing units) also undergo annual performance review with discussion of budget performance and management.

NC State continually monitors changes in financial condition or resources that could affect our standing in the capital markets. Particular attention is given to the impact of inflation and competitive employment markets on our labor costs, materials, and supplies, and an increase in institutional debt burden. NC State's debt burden, with under \$600 million of total debt outstanding at June 30, 2021, is also lower than other large research/land grant universities.

Our resource reallocation strategy is reflected in both ongoing and end of year discussions that allow unit leaders to articulate strategic priorities for the upcoming year; address enterprise risks such as IT security and mission continuity from disruptions caused by COVID-19; respond to unforeseen circumstances, and plan for necessary alignment of resources to priorities. This allows the full fiscal year to make decisions that support these priorities.

These discussions have become a deeply ingrained practice established during our prior strategic plan that continues today. Today, NC State embarks upon "Wolfpack 2030: Powering the Extraordinary" our newly established strategic plan - a plan that builds on the successes of "The Pathway to the Future" and provides newly articulated goals around our core mission of teaching, research and engagement, as well as campus culture, university effectiveness, partnerships and brand and reputation. NC State's FY23 All-Fund Budget aligns planned investments with strategic initiatives to achieve success in our new strategic plan including:

- **STEM Education** - Expanding the College of Engineering by approximately 4,000 students over five years.
- **Degree Completions** - Providing student support including academic advisors, academic and institutional affairs professionals, and health care and mental health professionals who are essential to helping our students thrive, and who have proven highly successful in achieving significant increases in student success metrics.
- **Research** - Including a variety of positions that support and advance NC State's research enterprise, which has achieved record levels of grants and other external funding support and has driven tremendous economic benefit throughout the state.
- **Extension and Public Service** - Increasing the capacity of the university to apply expertise that benefits all communities across North Carolina in agriculture, engineering, textiles and other disciplines.

**North Carolina State University (AFTER internal sales eliminations)**

All-Funds Budget		FY 2023							Total	NOTES
		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		
Revenues	State Appropriation	\$498,130,000	\$57,970,000	\$44,280,000	\$600,380,000	-	-	-	\$600,380,000	Agricultural Research Service and Cooperative Extension Service are included in NC State's FY23 All-Funds Budget. These two services account for nearly \$100M of state appropriations and approximately \$25M of federal appropriations represented in Other Revenues.
	Tuition & Fees	\$355,370,000	-	\$30,000	\$355,400,000	\$19,780,000	-	\$79,170,000	\$454,350,000	
	Sales & Services	\$38,560,000	\$5,220,000	\$3,720,000	\$47,500,000	\$256,450,000	-	\$6,840,000	\$310,790,000	
	Patient Services	-	-	-	-	-	-	-	-	
	Contracts & Grants	\$560,000	-	-	\$560,000	\$10,000	-	\$514,340,000	\$514,910,000	
	Gifts & Investments	-	-	-	-	\$550,000	-	\$43,480,000	\$44,030,000	
	Other Revenues	\$1,750,000	\$10,670,000	\$15,310,000	\$27,730,000	\$3,570,000	\$63,600,000	\$16,370,000	\$111,270,000	
Revenues Total		\$894,370,000	\$73,860,000	\$63,340,000	\$1,031,570,000	\$280,360,000	\$63,600,000	\$660,200,000	\$2,035,730,000	
Expenses	Salaries and Wages	\$501,780,000	\$45,220,000	\$40,270,000	\$587,270,000	\$97,080,000	\$21,470,000	\$166,030,000	\$871,850,000	The General Fund budget is balanced prior to incorporating internal sales and service eliminations. Since some eliminations involve funding sources excluded from the All-Funds Budget, the General Fund reflects a net \$17M difference between expenditures, revenues, and transfers, after internal sales and service eliminations are made.
	Staff Benefits	\$160,960,000	\$12,520,000	\$12,930,000	\$186,410,000	\$26,570,000	\$6,930,000	\$42,160,000	\$262,070,000	
	Supplies, Materials, & Equip Services	\$69,280,000	\$7,750,000	\$4,190,000	\$81,220,000	\$51,670,000	\$13,220,000	\$55,620,000	\$201,730,000	
	Scholarships & Fellowships	\$61,440,000	\$8,770,000	\$4,420,000	\$74,630,000	\$65,820,000	\$10,020,000	\$164,140,000	\$314,610,000	
	Debt Service	\$79,920,000	-	-	\$79,920,000	\$930,000	\$710,000	\$205,180,000	\$286,740,000	
	Utilities	\$9,660,000	-	-	\$9,660,000	\$26,850,000	\$630,000	\$15,860,000	\$53,000,000	
	Other Expenses	\$25,810,000	\$90,000	\$190,000	\$26,090,000	\$2,600,000	\$1,760,000	\$830,000	\$31,280,000	
Expenses Total		\$2,120,000	-	-	\$2,120,000	-	-	-	\$2,120,000	
Expenses Total		\$910,970,000	\$74,350,000	\$62,000,000	\$1,047,320,000	\$271,520,000	\$54,740,000	\$649,820,000	\$2,023,400,000	
Transfers	Transfers In	\$350,000	-	-	\$350,000	\$20,060,000	-	\$26,080,000	\$46,490,000	
	Transfers Out	\$1,910,000	-	-	\$1,910,000	\$32,090,000	\$6,670,000	\$21,130,000	\$61,800,000	
Net Transfers		\$1,560,000	-	-	\$1,560,000	\$12,030,000	\$6,670,000	(\$4,950,000)	\$15,310,000	



Academic Affairs		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$77,400,000			\$77,400,000	\$1,000,000	-	\$4,320,000	\$82,720,000	
	Sales & Services	\$310,000			\$310,000	\$980,000	-	\$760,000	\$2,050,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$2,580,000	\$2,580,000	
	Gifts & Investments	-			-	-	-	\$10,000	\$10,000	
	Other Revenues	\$10,000			\$10,000	\$80,000	\$30,000	-	\$120,000	
Revenues Total		\$77,720,000	-	-	\$77,720,000	\$2,060,000	\$30,000	\$7,670,000	\$87,480,000	
Expenses	Salaries and Wages	\$32,880,000			\$32,880,000	\$1,090,000	-	\$2,510,000	\$36,480,000	
	Staff Benefits	\$8,840,000			\$8,840,000	\$380,000	-	\$920,000	\$10,140,000	
	Supplies, Materials, & Equip	\$2,570,000			\$2,570,000	\$180,000	-	\$1,700,000	\$4,450,000	
	Services	\$8,120,000			\$8,120,000	\$1,210,000	\$30,000	\$540,000	\$9,900,000	
	Scholarships & Fellowships	\$25,310,000			\$25,310,000	\$30,000	-	\$2,100,000	\$27,440,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$77,720,000	-	-	\$77,720,000	\$2,890,000	\$30,000	\$7,770,000	\$88,410,000	
Transfers	Transfers In	-			-	\$580,000	-	\$20,000	\$600,000	
	Transfers Out	-			-	(\$20,000)	-	(\$480,000)	(\$500,000)	
Net Transfers		-	-	-	-	(\$600,000)	-	(\$500,000)	(\$1,100,000)	



Advancement		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$11,240,000			\$11,240,000	-	-	-	\$11,240,000	No fundraising positions in the Advancement Office are paid from the General Fund.  Auxiliary and Other Trust transfers are Trademark Licensing transfers for scholarships.
	Sales & Services	\$720,000			\$720,000	-	-	-	\$720,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	-	-	
	Gifts & Investments	-			-	-	-	\$80,000	\$80,000	
	Other Revenues	-			-	\$1,870,000	-	-	\$1,870,000	
Revenues Total		\$11,960,000	-	-	\$11,960,000	\$1,870,000	-	\$80,000	\$13,910,000	
Expenses	Salaries and Wages	\$8,560,000			\$8,560,000	\$590,000	-	\$3,250,000	\$12,400,000	Restricted Trust transfers represent gift and endowment assessments that flow through Advancement to the NC State Foundation and Alumni Association.
	Staff Benefits	\$3,180,000			\$3,180,000	\$200,000	-	\$1,040,000	\$4,420,000	
	Supplies, Materials, & Equip	\$30,000			\$30,000	\$260,000	-	\$20,000	\$310,000	
	Services	\$190,000			\$190,000	\$90,000	-	\$360,000	\$640,000	
	Scholarships & Fellowships	-			-	-	-	-	-	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$11,960,000	-	-	\$11,960,000	\$1,140,000	-	\$4,670,000	\$17,770,000	
Transfers	Transfers In	-			-	-	-	\$6,850,000	\$6,850,000	
	Transfers Out	-			-	\$1,080,000	-	\$3,530,000	\$4,610,000	
Net Transfers		-	-	-	-	\$1,080,000	-	(\$3,320,000)	(\$2,240,000)	

Athletics		FY 2023							NOTES (Submitted to BOG)	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Beginning Fund Balance		-	-	-	-	\$4,999,928	-	\$155,510	\$5,155,438	Transfers in reflect endowment and other funding supporting scholarships.  Transfers out include support for the Academic Support Program for Student Athletes and internal service charges.
Revenues	State Appr, Tuition & Fees	-	-	-	-	\$6,800,000	-	-	\$6,800,000	
	Sales & Services	-	-	-	-	\$77,590,000	-	-	\$77,590,000	
	Patient Services	-	-	-	-	-	-	-	-	
	Contracts & Grants	-	-	-	-	-	-	-	-	
	Gifts & Investments	-	-	-	-	-	-	\$15,500,000	\$15,500,000	
	Other Revenues	-	-	-	-	\$580,000	-	-	\$580,000	
Revenues Total		-	-	-	-	\$84,970,000	-	\$15,500,000	\$100,470,000	
Expenses	Salaries and Wages	-	-	-	-	\$37,000,000	-	-	\$37,000,000	
	Staff Benefits	-	-	-	-	\$8,700,000	-	\$130,000	\$8,830,000	
	Supplies, Materials, & Equip	-	-	-	-	\$3,640,000	-	-	\$3,640,000	
	Services	-	-	-	-	\$30,020,000	-	\$940,000	\$30,960,000	
	Scholarships & Fellowships	-	-	-	-	\$420,000	-	\$14,400,000	\$14,820,000	
	Debt Service	-	-	-	-	\$1,450,000	-	-	\$1,450,000	
	Utilities	-	-	-	-	\$1,590,000	-	-	\$1,590,000	
	Other Expenses	-	-	-	-	-	-	-	-	
Expenses Total		-	-	-	-	\$82,820,000	-	\$15,470,000	\$98,290,000	
Transfers	Transfers In	-	-	-	-	\$420,000	-	\$400,000	\$820,000	
	Transfers Out	-	-	-	-	\$3,470,000	-	\$420,000	\$3,890,000	
Net Transfers		-	-	-	-	\$3,050,000	-	\$20,000	\$3,070,000	
Ending Fund Balance		-	-	-	-	\$4,099,928	-	\$165,510	\$4,265,438	

Business Affairs		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$20,560,000			\$20,560,000	\$6,290,000	-	\$140,000	\$26,990,000	Transfers in represent building rentals and transfers from Parking to support Transit.  Transfers out reflect funding supporting capital improvement projects and debt service payments.
	Sales & Services	\$310,000			\$310,000	\$3,660,000	-	\$260,000	\$4,230,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$390,000	\$390,000	
	Gifts & Investments	-			-	\$50,000	-	\$210,000	\$260,000	
	Other Revenues	\$20,000			\$20,000	\$1,100,000	\$8,800,000	\$8,850,000	\$18,770,000	
Revenues Total		\$20,890,000	-	-	\$20,890,000	\$11,100,000	\$8,800,000	\$9,850,000	\$50,640,000	
Expenses	Salaries and Wages	\$13,590,000			\$13,590,000	\$1,130,000	\$5,320,000	\$260,000	\$20,300,000	
	Staff Benefits	\$5,050,000			\$5,050,000	\$360,000	\$1,810,000	\$80,000	\$7,300,000	
	Supplies, Materials, & Equip	\$1,070,000			\$1,070,000	\$1,460,000	\$710,000	\$100,000	\$3,340,000	
	Services	\$1,180,000			\$1,180,000	\$8,270,000	\$960,000	\$5,950,000	\$16,360,000	
	Scholarships & Fellowships	-			-	-	-	\$390,000	\$390,000	
	Debt Service	-			-	-	-	\$2,680,000	\$2,680,000	
	Utilities	-			-	\$70,000	-	\$430,000	\$500,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$20,890,000	-	-	\$20,890,000	\$11,290,000	\$8,800,000	\$9,890,000	\$50,870,000	
Transfers	Transfers In	-			-	\$2,420,000	-	\$4,460,000	\$6,880,000	
	Transfers Out	-			-	\$1,400,000	-	\$4,500,000	\$5,900,000	
Net Transfers		-	-	-	-	(\$1,020,000)	-	\$40,000	(\$980,000)	

**College of Agriculture and Life Sciences**

All-Funds Budget		FY 2023							NOTES	
		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$30,720,000	\$55,710,000	\$42,530,000	\$128,960,000	-	-	\$1,640,000	\$130,600,000	Agricultural Research Service and Cooperative Extension Service are included in the FY23 All-Funds Budget for the College of Agriculture and Life Sciences. These services account for nearly \$100M of state appropriations and approximately \$25M of federal appropriations represented in Other Revenues.
	Sales & Services	-	\$8,730,000	\$3,850,000	\$12,580,000	\$12,340,000	-	\$480,000	\$25,400,000	
	Patient Services	-	-	-	-	-	-	-	-	
	Contracts & Grants	-	-	-	-	-	-	\$72,960,000	\$72,960,000	
	Gifts & Investments	-	-	-	-	-	-	\$2,360,000	\$2,360,000	
	Other Revenues	-	\$9,300,000	\$15,310,000	\$24,610,000	-	\$1,800,000	\$1,220,000	\$27,630,000	
Revenues Total		\$30,720,000	\$73,740,000	\$61,690,000	\$166,150,000	\$12,340,000	\$1,800,000	\$78,660,000	\$258,950,000	
Expenses	Salaries and Wages	\$23,420,000	\$43,000,000	\$38,080,000	\$104,500,000	\$5,600,000	\$140,000	\$31,020,000	\$141,260,000	
	Staff Benefits	\$6,670,000	\$11,700,000	\$12,390,000	\$30,760,000	\$1,760,000	\$30,000	\$8,210,000	\$40,760,000	
	Supplies, Materials, & Equip	\$290,000	\$8,250,000	\$4,800,000	\$13,340,000	\$2,440,000	\$700,000	\$8,220,000	\$24,700,000	
	Services	\$340,000	\$10,700,000	\$6,230,000	\$17,270,000	\$3,210,000	\$500,000	\$27,460,000	\$48,440,000	
	Scholarships & Fellowships	-	-	-	-	\$70,000	\$20,000	\$2,280,000	\$2,370,000	
	Debt Service	-	-	-	-	-	-	-	-	
	Utilities	-	\$90,000	\$190,000	\$280,000	\$130,000	-	\$10,000	\$420,000	
	Other Expenses	-	-	-	-	-	-	-	-	
Expenses Total		\$30,720,000	\$73,740,000	\$61,690,000	\$166,150,000	\$13,210,000	\$1,390,000	\$77,200,000	\$257,950,000	
Transfers	Transfers In	-	-	-	-	\$430,000	-	\$640,000	\$1,070,000	
	Transfers Out	-	-	-	-	\$430,000	\$410,000	\$1,140,000	\$1,980,000	
Net Transfers		-	-	-	-	-	\$410,000	\$500,000	\$910,000	



College of Education		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$25,770,000			\$25,770,000	-	-	\$430,000	\$26,200,000	
	Sales & Services	\$20,000			\$20,000	\$1,610,000	-	-	\$1,630,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$18,850,000	\$18,850,000	
	Gifts & Investments	-			-	-	-	\$30,000	\$30,000	
	Other Revenues	-			-	-	\$820,000	-	\$820,000	
Revenues Total		\$25,790,000	-	-	\$25,790,000	\$1,610,000	\$820,000	\$19,310,000	\$47,530,000	
Expenses	Salaries and Wages	\$18,930,000			\$18,930,000	\$940,000	\$230,000	\$7,470,000	\$27,570,000	
	Staff Benefits	\$5,610,000			\$5,610,000	\$220,000	\$50,000	\$2,010,000	\$7,890,000	
	Supplies, Materials, & Equip	\$640,000			\$640,000	\$80,000	\$40,000	\$410,000	\$1,170,000	
	Services	\$600,000			\$600,000	\$320,000	\$420,000	\$8,960,000	\$10,300,000	
	Scholarships & Fellowships	\$10,000			\$10,000	\$90,000	\$80,000	\$590,000	\$770,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$25,790,000	-	-	\$25,790,000	\$1,650,000	\$820,000	\$19,440,000	\$47,700,000	
Transfers	Transfers In	-			-	\$40,000	-	\$40,000	\$80,000	
	Transfers Out	-			-	-	-	-	-	
Net Transfers		-	-	-	-	(\$40,000)	-	(\$40,000)	(\$80,000)	

College of Engineering		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$116,680,000			\$116,680,000	-	-	\$14,880,000	\$131,560,000	General Fund includes part of \$7.5M appropriation for Engineering NC's Future in 2021-23 Appropriations Act.
	Sales & Services	\$3,150,000			\$3,150,000	\$4,230,000	-	-	\$7,380,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$101,190,000	\$101,190,000	
	Gifts & Investments	-			-	-	-	\$210,000	\$210,000	
	Other Revenues	-			-	-	\$5,730,000	\$40,000	\$5,770,000	
Revenues Total		\$119,830,000	-	-	\$119,830,000	\$4,230,000	\$5,730,000	\$116,320,000	\$246,110,000	
Expenses	Salaries and Wages	\$87,200,000			\$87,200,000	\$2,150,000	\$1,470,000	\$40,850,000	\$131,670,000	
	Staff Benefits	\$24,530,000			\$24,530,000	\$590,000	\$320,000	\$7,950,000	\$33,390,000	
	Supplies, Materials, & Equip	\$3,430,000			\$3,430,000	\$880,000	\$1,000,000	\$16,670,000	\$21,980,000	
	Services	\$3,320,000			\$3,320,000	\$1,470,000	\$2,020,000	\$43,140,000	\$49,950,000	
	Scholarships & Fellowships	\$1,480,000			\$1,480,000	\$20,000	\$290,000	\$8,660,000	\$10,450,000	
	Debt Service	-			-	-	\$630,000	-	\$630,000	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$119,960,000	-	-	\$119,960,000	\$5,110,000	\$5,730,000	\$117,270,000	\$248,070,000	
Transfers	Transfers In	\$130,000			\$130,000	\$40,000	-	\$980,000	\$1,150,000	
	Transfers Out	-			-	\$50,000	-	\$270,000	\$320,000	
Net Transfers		(\$130,000)	-	-	(\$130,000)	\$10,000	-	(\$710,000)	(\$830,000)	

College of Humanities and Social Sciences		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$56,290,000			\$56,290,000	-	-	\$990,000	\$57,280,000	General Fund includes small portion of \$7.5M appropriation supporting Engineering NC's Future in 2021-23 Appropriations Act.
	Sales & Services	\$800,000			\$800,000	\$70,000	-	-	\$870,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$6,530,000	\$6,530,000	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	-	\$510,000	\$20,000	\$530,000	
Revenues Total		\$57,090,000	-	-	\$57,090,000	\$70,000	\$510,000	\$7,540,000	\$65,210,000	
Expenses	Salaries and Wages	\$42,240,000			\$42,240,000	\$20,000	\$200,000	\$3,460,000	\$45,920,000	
	Staff Benefits	\$13,140,000			\$13,140,000	-	\$60,000	\$840,000	\$14,040,000	
	Supplies, Materials, & Equip	\$440,000			\$440,000	-	\$40,000	\$610,000	\$1,090,000	
	Services	\$980,000			\$980,000	\$10,000	\$210,000	\$2,060,000	\$3,260,000	
	Scholarships & Fellowships	\$290,000			\$290,000	-	-	\$620,000	\$910,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$57,090,000	-	-	\$57,090,000	\$30,000	\$510,000	\$7,590,000	\$65,220,000	
Transfers	Transfers In	-			-	-	-	\$310,000	\$310,000	
	Transfers Out	-			-	-	-	\$200,000	\$200,000	
Net Transfers		-	-	-	-	-	-	(\$110,000)	(\$110,000)	



Poole College of Management		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$33,760,000			\$33,760,000	-	-	\$360,000	\$34,120,000	
	Sales & Services	-			-	\$280,000	-	-	\$280,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$2,010,000	\$2,010,000	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	\$370,000	\$60,000	\$20,000	\$450,000	
Revenues Total		\$33,760,000	-	-	\$33,760,000	\$650,000	\$60,000	\$2,390,000	\$36,860,000	
Expenses	Salaries and Wages	\$24,040,000			\$24,040,000	\$180,000	\$40,000	\$1,320,000	\$25,580,000	
	Staff Benefits	\$6,090,000			\$6,090,000	\$60,000	\$10,000	\$250,000	\$6,410,000	
	Supplies, Materials, & Equip	\$320,000			\$320,000	\$10,000	-	\$180,000	\$510,000	
	Services	\$2,040,000			\$2,040,000	\$350,000	\$10,000	\$750,000	\$3,150,000	
	Scholarships & Fellowships	\$1,270,000			\$1,270,000	-	-	\$20,000	\$1,290,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$33,760,000	-	-	\$33,760,000	\$600,000	\$60,000	\$2,520,000	\$36,940,000	
Transfers	Transfers In	-			-	-	-	\$90,000	\$90,000	
	Transfers Out	-			-	-	-	\$60,000	\$60,000	
Net Transfers		-	-	-	-	-	-	(\$30,000)	(\$30,000)	

College of Natural Resources		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$17,130,000	\$2,140,000	\$1,700,000	\$20,970,000	-	-	\$580,000	\$21,550,000	
	Sales & Services	\$370,000	-	-	\$370,000	\$1,660,000	-	-	\$2,030,000	
	Patient Services	-	-	-	-	-	-	-	-	
	Contracts & Grants	-	-	-	-	-	-	\$10,720,000	\$10,720,000	
	Gifts & Investments	-	-	-	-	-	-	\$1,910,000	\$1,910,000	
	Other Revenues	-	\$1,290,000	-	\$1,290,000	-	\$570,000	-	\$1,860,000	
<b>Revenues Total</b>		<b>\$17,500,000</b>	<b>\$3,430,000</b>	<b>\$1,700,000</b>	<b>\$22,630,000</b>	<b>\$1,660,000</b>	<b>\$570,000</b>	<b>\$13,210,000</b>	<b>\$38,070,000</b>	
Expenses	Salaries and Wages	\$12,710,000	\$2,200,000	\$1,180,000	\$16,090,000	\$800,000	\$250,000	\$6,800,000	\$23,940,000	
	Staff Benefits	\$3,840,000	\$710,000	\$470,000	\$5,020,000	\$250,000	\$70,000	\$1,680,000	\$7,020,000	
	Supplies, Materials, & Equip	\$330,000	\$180,000	\$20,000	\$530,000	\$130,000	\$140,000	\$960,000	\$1,760,000	
	Services	\$620,000	\$340,000	\$30,000	\$990,000	\$460,000	\$110,000	\$3,310,000	\$4,870,000	
	Scholarships & Fellowships	-	-	-	-	\$40,000	-	\$830,000	\$870,000	
	Debt Service	-	-	-	-	-	-	-	-	
	Utilities	-	-	-	-	-	-	\$10,000	\$10,000	
	Other Expenses	-	-	-	-	-	-	-	-	
<b>Expenses Total</b>		<b>\$17,500,000</b>	<b>\$3,430,000</b>	<b>\$1,700,000</b>	<b>\$22,630,000</b>	<b>\$1,680,000</b>	<b>\$570,000</b>	<b>\$13,590,000</b>	<b>\$38,470,000</b>	
Transfers	Transfers In	-	-	-	-	\$20,000	-	\$320,000	\$340,000	
	Transfers Out	-	-	-	-	-	-	\$40,000	\$40,000	
<b>Net Transfers</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$20,000)</b>	<b>-</b>	<b>(\$280,000)</b>	<b>(\$300,000)</b>	

College of Sciences		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$71,130,000			\$71,130,000	-	-	\$1,800,000	\$72,930,000	General Fund includes part of \$7.5M appropriation supporting Engineering NC's Future in 2021-23 Appropriations Act.
	Sales & Services	\$20,000			\$20,000	\$170,000	-	-	\$190,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$40,900,000	\$40,900,000	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	-	\$3,840,000	\$500,000	\$4,340,000	
Revenues Total		\$71,150,000	-	-	\$71,150,000	\$170,000	\$3,840,000	\$43,200,000	\$118,360,000	
Expenses	Salaries and Wages	\$55,480,000			\$55,480,000	\$120,000	\$210,000	\$15,420,000	\$71,230,000	
	Staff Benefits	\$14,790,000			\$14,790,000	\$30,000	\$40,000	\$3,360,000	\$18,220,000	
	Supplies, Materials, & Equip	\$220,000			\$220,000	\$20,000	\$2,050,000	\$5,110,000	\$7,400,000	
	Services	\$100,000			\$100,000	\$140,000	\$1,420,000	\$16,840,000	\$18,500,000	
	Scholarships & Fellowships	\$260,000			\$260,000	-	\$120,000	\$2,500,000	\$2,880,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	\$300,000			\$300,000	-	-	-	\$300,000	
Expenses Total		\$71,150,000	-	-	\$71,150,000	\$310,000	\$3,840,000	\$43,230,000	\$118,530,000	
Transfers	Transfers In	-			-	(\$30,000)	-	(\$250,000)	(\$280,000)	
	Transfers Out	-			-	-	-	\$140,000	\$140,000	
Net Transfers		-	-	-	-	\$30,000	-	\$390,000	\$420,000	

**Wilson College of Textiles**

All-Funds Budget		FY 2023							NOTES	
		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$13,680,000			\$13,680,000	\$250,000	-	\$520,000	\$14,450,000	
	Sales & Services	\$110,000			\$110,000	\$2,560,000	-	-	\$2,670,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$4,600,000	\$4,600,000	
	Gifts & Investments	-			-	-	-	\$3,040,000	\$3,040,000	
	Other Revenues	-			-	-	\$250,000	\$10,000	\$260,000	
Revenues Total		\$13,790,000	-	-	\$13,790,000	\$2,810,000	\$250,000	\$8,170,000	\$25,020,000	
Expenses	Salaries and Wages	\$9,460,000			\$9,460,000	\$1,810,000	\$60,000	\$2,830,000	\$14,160,000	
	Staff Benefits	\$3,200,000			\$3,200,000	\$550,000	\$30,000	\$680,000	\$4,460,000	
	Supplies, Materials, & Equip	\$840,000			\$840,000	\$500,000	\$100,000	\$830,000	\$2,270,000	
	Services	\$290,000			\$290,000	\$560,000	\$60,000	\$2,190,000	\$3,100,000	
	Scholarships & Fellowships	-			-	\$10,000	-	\$1,330,000	\$1,340,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	\$40,000	-	-	\$40,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$13,790,000	-	-	\$13,790,000	\$3,470,000	\$250,000	\$7,860,000	\$25,370,000	
Transfers	Transfers In	-			-	\$20,000	-	\$350,000	\$370,000	
	Transfers Out	-			-	-	-	\$230,000	\$230,000	
Net Transfers		-	-	-	-	(\$20,000)	-	(\$120,000)	(\$140,000)	

College of Veterinary Medicine		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$47,680,000	\$10,000	-	\$47,690,000	-	-	\$280,000	\$47,970,000	General Fund Sales and Services revenue of \$28M is generated almost entirely from the Veterinary Hospital services.  Transfers represent internal department transfers of Veterinary Practice Plan distributions.
	Sales & Services	\$27,930,000	-	-	\$27,930,000	\$3,470,000	-	\$4,700,000	\$36,100,000	
	Patient Services	-	-	-	-	-	-	-	-	
	Contracts & Grants	-	-	-	-	-	-	\$17,940,000	\$17,940,000	
	Gifts & Investments	-	-	-	-	-	-	\$300,000	\$300,000	
	Other Revenues	-	\$80,000	-	\$80,000	-	\$1,270,000	-	\$1,350,000	
<b>Revenues Total</b>		<b>\$75,610,000</b>	<b>\$90,000</b>	<b>-</b>	<b>\$75,700,000</b>	<b>\$3,470,000</b>	<b>\$1,270,000</b>	<b>\$23,220,000</b>	<b>\$103,660,000</b>	
Expenses	Salaries and Wages	\$46,250,000	\$20,000	-	\$46,270,000	\$1,310,000	\$130,000	\$6,390,000	\$54,100,000	
	Staff Benefits	\$13,670,000	-	-	\$13,670,000	\$420,000	\$20,000	\$1,710,000	\$15,820,000	
	Supplies, Materials, & Equip	\$8,900,000	\$40,000	-	\$8,940,000	\$1,010,000	\$500,000	\$3,300,000	\$13,750,000	
	Services	\$6,720,000	\$30,000	-	\$6,750,000	\$910,000	\$570,000	\$9,520,000	\$17,750,000	
	Scholarships & Fellowships	\$200,000	-	-	\$200,000	\$10,000	\$50,000	\$1,170,000	\$1,430,000	
	Debt Service	-	-	-	-	-	-	\$30,000	\$30,000	
	Utilities	-	-	-	-	-	-	\$20,000	\$20,000	
	Other Expenses	-	-	-	-	-	-	-	-	
<b>Expenses Total</b>		<b>\$75,740,000</b>	<b>\$90,000</b>	<b>-</b>	<b>\$75,830,000</b>	<b>\$3,660,000</b>	<b>\$1,270,000</b>	<b>\$22,140,000</b>	<b>\$102,900,000</b>	
Transfers	Transfers In	\$130,000	-	-	\$130,000	\$40,000	-	\$4,190,000	\$4,360,000	
	Transfers Out	-	-	-	-	\$1,340,000	-	\$5,010,000	\$6,350,000	
<b>Net Transfers</b>		<b>(\$130,000)</b>	<b>-</b>	<b>-</b>	<b>(\$130,000)</b>	<b>\$1,300,000</b>	<b>-</b>	<b>\$820,000</b>	<b>\$1,990,000</b>	

Dining		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Beginning Fund Balance		-			-	\$3,650,222	-	-	\$3,650,222	Cash balance is obligated for a personnel and operating budget contingency.  Transfers reflect internal service charges and contributions to scholarships.
Revenues	State Appr, Tuition & Fees	-			-	-	-	-	-	
	Sales & Services	-			-	\$46,290,000	-	-	\$46,290,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	-	-	
	Gifts & Investments	-			-	\$90,000	-	-	\$90,000	
	Other Revenues	-			-	\$550,000	-	-	\$550,000	
Revenues Total		-	-	-	-	\$46,930,000	-	-	\$46,930,000	
Expenses	Salaries and Wages	-			-	\$14,770,000	-	-	\$14,770,000	
	Staff Benefits	-			-	\$3,590,000	-	-	\$3,590,000	
	Supplies, Materials, & Equip Services	-			-	\$14,960,000	-	-	\$14,960,000	
	Scholarships & Fellowships	-			-	\$7,180,000	-	-	\$7,180,000	
	Debt Service	-			-	\$450,000	-	-	\$450,000	
	Utilities	-			-	\$1,350,000	-	-	\$1,350,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		-	-	-	-	\$42,300,000	-	-	\$42,300,000	
Transfers	Transfers In	-			-	-	-	-	-	
	Transfers Out	-			-	\$4,590,000	-	-	\$4,590,000	
Net Transfers		-	-	-	-	\$4,590,000	-	-	\$4,590,000	
Ending Fund Balance		-			-	\$3,690,222	-	-	\$3,690,222	

Facilities		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$90,070,000			\$90,070,000	-	-	\$150,000	\$90,220,000	Utility expenses for all General Fund units are paid by Facilities.
	Sales & Services	\$34,090,000			\$34,090,000	\$1,180,000	-	-	\$35,270,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$10,000	\$10,000	
	Gifts & Investments	-			-	-	-	\$10,000	\$10,000	
	Other Revenues	-			-	-	\$4,520,000	-	\$4,520,000	
Revenues Total		\$124,160,000	-	-	\$124,160,000	\$1,180,000	\$4,520,000	\$170,000	\$130,030,000	
Expenses	Salaries and Wages	\$44,620,000			\$44,620,000	-	\$1,580,000	-	\$46,200,000	
	Staff Benefits	\$18,030,000			\$18,030,000	-	\$610,000	-	\$18,640,000	
	Supplies, Materials, & Equip	\$9,570,000			\$9,570,000	\$2,990,000	\$180,000	\$150,000	\$12,890,000	
	Services	\$15,930,000			\$15,930,000	\$40,000	\$340,000	\$30,000	\$16,340,000	
	Scholarships & Fellowships	-			-	-	-	-	-	
	Debt Service	\$9,660,000			\$9,660,000	-	-	-	\$9,660,000	
	Utilities	\$26,350,000			\$26,350,000	-	\$1,760,000	-	\$28,110,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$124,160,000	-	-	\$124,160,000	\$3,030,000	\$4,470,000	\$180,000	\$131,840,000	
Transfers	Transfers In	-			-	-	-	-	-	
	Transfers Out	-			-	-	\$50,000	-	\$50,000	
Net Transfers		-	-	-	-	-	\$50,000	-	\$50,000	

Financial Aid		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$52,960,000			\$52,960,000	-	-	-	\$52,960,000	
	Sales & Services	-			-	-	-	-	-	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$152,890,000	\$152,890,000	
	Gifts & Investments	-			-	-	-	\$13,340,000	\$13,340,000	
	Other Revenues	-			-	-	\$150,000	-	\$150,000	
Revenues Total		\$52,960,000	-	-	\$52,960,000	-	\$150,000	\$166,230,000	\$219,340,000	
Expenses	Salaries and Wages	\$1,610,000			\$1,610,000	-	-	\$740,000	\$2,350,000	
	Staff Benefits	\$630,000			\$630,000	-	-	\$30,000	\$660,000	
	Supplies, Materials, & Equip	-			-	-	-	\$10,000	\$10,000	
	Services	\$50,000			\$50,000	-	-	\$150,000	\$200,000	
	Scholarships & Fellowships	\$50,670,000			\$50,670,000	-	\$150,000	\$165,700,000	\$216,520,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$52,960,000	-	-	\$52,960,000	-	\$150,000	\$166,630,000	\$219,740,000	
Transfers	Transfers In	-			-	-	-	\$930,000	\$930,000	
	Transfers Out	-			-	-	-	(\$130,000)	(\$130,000)	
Net Transfers		-	-	-	-	-	-	(\$1,060,000)	(\$1,060,000)	



Housing		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Beginning Fund Balance		-	-	-	-	\$21,564,740	-	(\$29,438)	\$21,535,303	Cash balance serves to ensure existing debt obligations can be met, as well as providing a contingency for personnel and operating costs.  Transfers reflect funding supporting capital improvements.
Revenues	State Appr, Tuition & Fees	-	-	-	-	-	-	-	-	
	Sales & Services	-	-	-	-	\$64,670,000	-	-	\$64,670,000	
	Patient Services	-	-	-	-	-	-	-	-	
	Contracts & Grants	-	-	-	-	-	-	-	-	
	Gifts & Investments	-	-	-	-	-	-	-	-	
	Other Revenues	-	-	-	-	\$30,000	-	-	\$30,000	
Revenues Total		-	-	-	-	\$64,700,000	-	-	\$64,700,000	
Expenses	Salaries and Wages	-	-	-	-	\$8,210,000	-	-	\$8,210,000	
	Staff Benefits	-	-	-	-	\$2,460,000	-	-	\$2,460,000	
	Supplies, Materials, & Equip	-	-	-	-	\$3,320,000	-	-	\$3,320,000	
	Services	-	-	-	-	\$19,430,000	-	\$30,000	\$19,460,000	
	Scholarships & Fellowships	-	-	-	-	\$240,000	-	-	\$240,000	
	Debt Service	-	-	-	-	\$22,880,000	-	-	\$22,880,000	
	Utilities	-	-	-	-	\$5,640,000	-	-	\$5,640,000	
	Other Expenses	-	-	-	-	-	-	-	-	
Expenses Total		-	-	-	-	\$62,180,000	-	\$30,000	\$62,210,000	
Transfers	Transfers In	-	-	-	-	-	-	-	-	
	Transfers Out	-	-	-	-	\$1,980,000	-	-	\$1,980,000	
Net Transfers		-	-	-	-	\$1,980,000	-	-	\$1,980,000	
Ending Fund Balance		-	-	-	-	\$22,104,740	-	(\$59,438)	\$22,045,303	

Human Resources		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$7,390,000			\$7,390,000	-	-	-	\$7,390,000	
	Sales & Services	\$90,000			\$90,000	\$2,190,000	-	-	\$2,280,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	-	-	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	-	\$1,740,000	-	\$1,740,000	
<b>Revenues Total</b>		<b>\$7,480,000</b>	-	-	<b>\$7,480,000</b>	<b>\$2,190,000</b>	<b>\$1,740,000</b>	-	<b>\$11,410,000</b>	
Expenses	Salaries and Wages	\$5,030,000			\$5,030,000	\$910,000	\$1,170,000	-	\$7,110,000	
	Staff Benefits	\$1,700,000			\$1,700,000	\$590,000	\$410,000	-	\$2,700,000	
	Supplies, Materials, & Equip	\$70,000			\$70,000	\$270,000	\$20,000	-	\$360,000	
	Services	\$680,000			\$680,000	\$160,000	\$140,000	-	\$980,000	
	Scholarships & Fellowships	-			-	-	-	-	-	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
<b>Expenses Total</b>		<b>\$7,480,000</b>	-	-	<b>\$7,480,000</b>	<b>\$1,930,000</b>	<b>\$1,740,000</b>	-	<b>\$11,150,000</b>	
Transfers	Transfers In	-			-	\$460,000	-	-	\$460,000	
	Transfers Out	-			-	\$20,000	-	-	\$20,000	
<b>Net Transfers</b>		-	-	-	-	<b>(\$440,000)</b>	-	-	<b>(\$440,000)</b>	

Information Technology		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$35,470,000			\$35,470,000	-	-	\$2,710,000	\$38,180,000	Transfers represent internal department transfers associated with lifecycle replacement of NC State's network backbone.
	Sales & Services	\$1,970,000			\$1,970,000	\$20,170,000	-	-	\$22,140,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$30,000	\$30,000	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	\$1,720,000	\$5,640,000	-	\$7,360,000	
Revenues Total		\$37,440,000	-	-	\$37,440,000	\$21,890,000	\$5,640,000	\$2,740,000	\$67,710,000	
Expenses	Salaries and Wages	\$21,450,000			\$21,450,000	\$4,850,000	\$2,510,000	\$140,000	\$28,950,000	
	Staff Benefits	\$7,510,000			\$7,510,000	\$1,870,000	\$820,000	\$10,000	\$10,210,000	
	Supplies, Materials, & Equip	\$1,320,000			\$1,320,000	\$10,400,000	\$720,000	\$2,600,000	\$15,040,000	
	Services	\$7,160,000			\$7,160,000	\$5,310,000	\$1,590,000	\$10,000	\$14,070,000	
	Scholarships & Fellowships	-			-	-	-	-	-	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	\$40,000	-	-	\$40,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$37,440,000	-	-	\$37,440,000	\$22,470,000	\$5,640,000	\$2,760,000	\$68,310,000	
Transfers	Transfers In	-			-	\$1,770,000	-	-	\$1,770,000	
	Transfers Out	-			-	\$1,550,000	-	-	\$1,550,000	
Net Transfers		-	-	-	-	(\$220,000)	-	-	(\$220,000)	

Library		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$35,290,000			\$35,290,000	-	-	\$840,000	\$36,130,000	
	Sales & Services	\$20,000			\$20,000	\$170,000	-	-	\$190,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$4,210,000	\$4,210,000	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	\$40,000			\$40,000	-	\$60,000	-	\$100,000	
Revenues Total		\$35,350,000	-	-	\$35,350,000	\$170,000	\$60,000	\$5,050,000	\$40,630,000	
Expenses	Salaries and Wages	\$15,600,000			\$15,600,000	\$50,000	\$200,000	\$290,000	\$16,140,000	
	Staff Benefits	\$5,070,000			\$5,070,000	\$10,000	\$60,000	\$50,000	\$5,190,000	
	Supplies, Materials, & Equip	\$12,130,000			\$12,130,000	\$30,000	\$930,000	\$4,490,000	\$17,580,000	
	Services	\$1,340,000			\$1,340,000	\$10,000	\$500,000	\$210,000	\$2,060,000	
	Scholarships & Fellowships	-			-	-	-	\$30,000	\$30,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	\$1,210,000			\$1,210,000	-	-	-	\$1,210,000	
Expenses Total		\$35,350,000	-	-	\$35,350,000	\$100,000	\$1,690,000	\$5,070,000	\$42,210,000	
Transfers	Transfers In	-			-	-	-	-	-	
	Transfers Out	-			-	-	-	\$10,000	\$10,000	
Net Transfers		-	-	-	-	-	-	\$10,000	\$10,000	



Other Auxiliaries		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$1,070,000			\$1,070,000	\$4,550,000	-	-	\$5,620,000	Transfers out reflect internal service charges.
	Sales & Services	\$310,000			\$310,000	\$14,450,000	-	-	\$14,760,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	-	-	
	Gifts & Investments	-			-	\$60,000	-	-	\$60,000	
	Other Revenues	-			-	\$90,000	-	-	\$90,000	
Revenues Total		\$1,380,000	-	-	\$1,380,000	\$19,150,000	-	-	\$20,530,000	
Expenses	Salaries and Wages	\$970,000			\$970,000	\$3,510,000	-	-	\$4,480,000	
	Staff Benefits	\$280,000			\$280,000	\$1,200,000	-	-	\$1,480,000	
	Supplies, Materials, & Equip	\$50,000			\$50,000	\$9,970,000	-	-	\$10,020,000	
	Services	\$80,000			\$80,000	\$2,150,000	-	-	\$2,230,000	
	Scholarships & Fellowships	-			-	-	-	-	-	
	Debt Service	-			-	\$450,000	-	-	\$450,000	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$1,380,000	-	-	\$1,380,000	\$17,280,000	-	-	\$18,660,000	
Transfers	Transfers In	-			-	-	-	-	-	
	Transfers Out	-			-	\$1,780,000	-	-	\$1,780,000	
Net Transfers		-	-	-	-	\$1,780,000	-	-	\$1,780,000	

Parking		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Beginning Fund Balance		-	-	-	-	\$13,346,081	-	(\$19,167)	\$13,326,914	Cash balance is obligated for a personnel and operating contingency and construction reserve funding for a future parking deck to replace aging/deteriorating parking deck. Transfers out reflect funding supporting capital improvements and Transit which is part of the Business Affairs budget.
Revenues	State Appr, Tuition & Fees	-	-	-	-	-	-	-	-	
	Sales & Services	-	-	-	-	\$10,930,000	-	-	\$10,930,000	
	Patient Services	-	-	-	-	-	-	-	-	
	Contracts & Grants	-	-	-	-	-	-	\$20,000	\$20,000	
	Gifts & Investments	-	-	-	-	\$50,000	-	-	\$50,000	
	Other Revenues	-	-	-	-	-	-	-	-	
Revenues Total		-	-	-	-	\$10,980,000	-	\$20,000	\$11,000,000	
Expenses	Salaries and Wages	-	-	-	-	\$2,520,000	-	\$20,000	\$2,540,000	
	Staff Benefits	-	-	-	-	\$1,060,000	-	-	\$1,060,000	
	Supplies, Materials, & Equip Services	-	-	-	-	\$450,000	-	-	\$450,000	
	Scholarships & Fellowships	-	-	-	-	\$4,070,000	-	-	\$4,070,000	
	Debt Service	-	-	-	-	-	-	-	-	
	Utilities	-	-	-	-	\$370,000	-	-	\$370,000	
	Other Expenses	-	-	-	-	-	-	-	-	
Expenses Total		-	-	-	-	\$8,470,000	-	\$20,000	\$8,490,000	
Transfers	Transfers In	-	-	-	-	-	-	-	-	
	Transfers Out	-	-	-	-	\$3,250,000	-	-	\$3,250,000	
Net Transfers		-	-	-	-	\$3,250,000	-	-	\$3,250,000	
Ending Fund Balance		-	-	-	-	\$12,606,081	-	(\$19,167)	\$12,586,914	





Sponsored Research		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$5,920,000			\$5,920,000	-	-	-	\$5,920,000	General Fund transfers out represent state funds earmarked for grant programs.  Restricted Trust transfers reflect internal department transfers of patent royalties.
	Sales & Services	\$1,930,000			\$1,930,000	\$3,170,000	-	\$500,000	\$5,600,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	\$360,000			\$360,000	\$10,000	-	\$47,210,000	\$47,580,000	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	-	\$18,260,000	\$5,120,000	\$23,380,000	
Revenues Total		\$8,210,000	-	-	\$8,210,000	\$3,180,000	\$18,260,000	\$52,830,000	\$82,480,000	
Expenses	Salaries and Wages	\$3,490,000			\$3,490,000	\$1,370,000	\$6,480,000	\$15,840,000	\$27,180,000	
	Staff Benefits	\$1,990,000			\$1,990,000	\$500,000	\$2,060,000	\$4,460,000	\$9,010,000	
	Supplies, Materials, & Equip	\$410,000			\$410,000	\$90,000	\$6,150,000	\$2,220,000	\$8,870,000	
	Services	\$1,140,000			\$1,140,000	\$1,130,000	\$3,570,000	\$29,350,000	\$35,190,000	
	Scholarships & Fellowships	-			-	-	-	\$1,010,000	\$1,010,000	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	\$10,000	-	-	\$10,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$7,030,000	-	-	\$7,030,000	\$3,100,000	\$18,260,000	\$52,880,000	\$81,270,000	
Transfers	Transfers In	-			-	\$70,000	-	\$3,490,000	\$3,560,000	
	Transfers Out	\$1,180,000			\$1,180,000	-	-	\$4,630,000	\$5,810,000	
Net Transfers		\$1,180,000	-	-	\$1,180,000	(\$70,000)	-	\$1,140,000	\$2,250,000	

Student Affairs		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$15,180,000			\$15,180,000	-	-	\$16,990,000	\$32,170,000	Auxiliary and Other Trust transfers in reflect \$2M from Athletics to support the Academic Support Program for Student Athletes.  Transfers out reflect funding supporting capital improvement projects.
	Sales & Services	-			-	\$3,740,000	-	\$30,000	\$3,770,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$3,720,000	\$3,720,000	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	\$850,000	\$130,000	\$590,000	\$1,570,000	
Revenues Total		\$15,180,000	-	-	\$15,180,000	\$4,590,000	\$130,000	\$21,330,000	\$41,230,000	
Expenses	Salaries and Wages	\$9,860,000			\$9,860,000	\$5,380,000	\$30,000	\$10,010,000	\$25,280,000	
	Staff Benefits	\$3,730,000			\$3,730,000	\$1,560,000	-	\$2,830,000	\$8,120,000	
	Supplies, Materials, & Equip	\$420,000			\$420,000	\$730,000	-	\$1,720,000	\$2,870,000	
	Services	\$1,170,000			\$1,170,000	(\$1,280,000)	\$100,000	\$6,590,000	\$6,580,000	
	Scholarships & Fellowships	-			-	-	-	\$120,000	\$120,000	
	Debt Service	-			-	\$650,000	-	-	\$650,000	
	Utilities	-			-	\$140,000	-	\$570,000	\$710,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$15,180,000	-	-	\$15,180,000	\$7,180,000	\$130,000	\$21,840,000	\$44,330,000	
Transfers	Transfers In	-			-	\$2,040,000	-	\$80,000	\$2,120,000	
	Transfers Out	-			-	\$10,000	-	\$240,000	\$250,000	
Net Transfers		-	-	-	-	(\$2,030,000)	-	\$160,000	(\$1,870,000)	

Student Health		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Beginning Fund Balance		-			-	\$315,000	-	\$5,935,745	\$6,250,745	Cash balance is obligated for facility repairs, large medical equipment replacements, and a personnel and operating contingency.
Revenues	State Appr, Tuition & Fees	\$1,040,000			\$1,040,000	-	-	\$13,980,000	\$15,020,000	
	Sales & Services	-			-	\$5,780,000	-	-	\$5,780,000	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	\$70,000	\$70,000	
	Gifts & Investments	-			-	-	-	\$20,000	\$20,000	
	Other Revenues	-			-	\$30,000	-	-	\$30,000	
Revenues Total		\$1,040,000	-	-	\$1,040,000	\$5,810,000	-	\$14,070,000	\$20,920,000	
Expenses	Salaries and Wages	\$760,000			\$760,000	\$1,370,000	-	\$8,710,000	\$10,840,000	
	Staff Benefits	\$260,000			\$260,000	\$470,000	-	\$2,940,000	\$3,670,000	
	Supplies, Materials, & Equip Services	\$10,000 \$10,000			\$10,000 \$10,000	\$2,520,000 \$1,450,000	-	\$330,000 \$1,780,000	\$2,860,000 \$3,240,000	
	Scholarships & Fellowships	-			-	-	-	-	-	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	\$210,000	\$210,000	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$1,040,000	-	-	\$1,040,000	\$5,810,000	-	\$13,970,000	\$20,820,000	
Transfers	Transfers In	-			-	-	-	-	-	
	Transfers Out	-			-	-	-	-	-	
Net Transfers		-	-	-	-	-	-	-	-	
Ending Fund Balance		-			-	\$315,000	-	\$6,035,745	\$6,350,745	

University Administration		FY 2023							NOTES	
All-Funds Budget		General Fund 16030 Instruction	General Fund 16031 Agric. Research	General Fund 16032 Agric. Extension	General Fund 1603X Total	Auxiliary & Other Trust Funds	F&A	Restricted Trust Funds		Total
Revenues	State Appr, Tuition & Fees	\$6,420,000			\$6,420,000	-	-	-	\$6,420,000	
	Sales & Services	-			-	-	-	-	-	
	Patient Services	-			-	-	-	-	-	
	Contracts & Grants	-			-	-	-	-	-	
	Gifts & Investments	-			-	-	-	-	-	
	Other Revenues	-			-	-	\$170,000	-	\$170,000	
Revenues Total		\$6,420,000	-	-	\$6,420,000	-	\$170,000	-	\$6,590,000	
Expenses	Salaries and Wages	\$4,270,000			\$4,270,000	-	\$120,000	-	\$4,390,000	
	Staff Benefits	\$1,640,000			\$1,640,000	\$10,000	\$30,000	-	\$1,680,000	
	Supplies, Materials, & Equip	\$150,000			\$150,000	\$20,000	-	-	\$170,000	
	Services	\$360,000			\$360,000	-	\$20,000	-	\$380,000	
	Scholarships & Fellowships	-			-	-	-	-	-	
	Debt Service	-			-	-	-	-	-	
	Utilities	-			-	-	-	-	-	
	Other Expenses	-			-	-	-	-	-	
Expenses Total		\$6,420,000	-	-	\$6,420,000	\$30,000	\$170,000	-	\$6,620,000	
Transfers	Transfers In	-			-	\$130,000	-	-	\$130,000	
	Transfers Out	-			-	\$10,000	-	-	\$10,000	
Net Transfers		-	-	-	-	(\$120,000)	-	-	(\$120,000)	

## Campus All-Funds Budget Process Checklist

**Campus Name:** NC State University

**Date:** April 22, 2022

**Campus Administrator Name:** Charles A. Maimone

**Campus Administrator Title:** Vice Chancellor, Finance and Administration

**Campus Administrator Signature:** 

**Budget Inputs** – The institution’s budget development process considered, at minimum, the following information:

- System and campus strategic plans, including Board of Governors-approved metrics for on-time graduation and degree efficiency, student debt among bachelor’s degree completers, and Education and Related Expenses per Degree
- Campus enterprise risk management plan
- Revenue projections based on approved tuition, fee, and auxiliary rates
- Data analysis identifying areas for potential reallocation of resources
- Campus performance on financial ratios

### **Budget Governance and Oversight**

- Nonrecurring funds, including use of fund balance, are reserved for nonrecurring activities; any exceptions have been identified and a plan developed to sustain or sunset the activity once the non-recurring source has expired.
- A campus policy on reserve levels has been adopted or is under development and was considered in creating the budget.
- Campus management has plans to review reports on fiscal performance at least quarterly and in context of the budget.

### **Campus Engagement**

- The campus budget process provided a mechanism for organizational units to submit proposed budget adjustments within parameters established by the chancellor or designee.
- Proposed budgets were discussed with the appropriate leader(s) of each organizational unit.

### **Board of Trustees Approval**

The Board of Trustees approved the all-funds budget at its meeting on April 22, 2022.

### **Additional Information:**

# **NC STATE UNIVERSITY**

## **INTERNAL AUDIT DIVISION AUDIT PLAN FISCAL YEAR 2023**



**DRAFT**  
**NCSU Internal Audit Division**  
**PROPOSED Fiscal Year 2023 Audit Plan**

<b>Audits</b>	
Compliance with the University Regulation on Programs that Involve the Participation of Minors	The objective of this audit is to evaluate compliance with the University Regulation Programs that Involve the Participation of Minors
End of Grant Expenditures	The objective of this audit is to test financial expenditures at the end of federal grant awards to ensure they are allowable, allocable, and reasonable
Governance Over Renovation and Repair	The objective of this audit is to evaluate the effectiveness of governance over renovation and repair activities
Office of Research and Commercialization - Licensing and Commercialization Processes	The objective of this audit is to review the licensing and commercialization processes in Office of Research Commercialization for internal controls, efficiency and effectiveness and compliance
Office of Research and Innovation - Research Equipment Facilities - Billing Practices	The objectives of this audit are to evaluate Research Facilities billing processes and procedures for: <ul style="list-style-type: none"> <li>• Appropriate levels of monitoring and oversight</li> <li>• Efficiency and effectiveness</li> <li>• Strong internal controls</li> <li>• Compliance with federal, state, and university requirements</li> </ul>
Provost's Office, Institute for Emerging Issues - Financial Business Operations	The objectives of this audit are to review the financial business operations of the institute including: governance; internal controls; efficiency and effectiveness of processes; and compliance with federal, state, and university requirements
University Compliance to Privacy Requirements	The objective of this audit is to evaluate the university's compliance with relevant privacy requirements

**DRAFT**  
**NCSU Internal Audit Division**  
**PROPOSED Fiscal Year 2023 Audit Plan**

<b>Information Technology Audits</b>	
Poole College of Management (PCOM) - Information Technology (IT) General Controls	The objective of this audit is to evaluate governance over and effectiveness of IT controls within PCOM IT operations
<b>Fiscal Year 2022 Engagements Expected to be in Progress on July 1, 2022</b>	
Application Programming Interface Audit	
College of Agriculture and Life Sciences - Kannapolis Travel Investigation	
COVID-19 Relief Funding - Compliance with Federal and State Requirements	
Office of Finance and Administration - Environmental Health and Public Safety – Security Applications and Technology Services	
Office of Information Technology (OIT) - Security and Compliance (S&C) - PeopleSoft Applications and Infrastructure Security/Risk Assessment	
<b>Investigations</b>	
The Audit Plan includes estimated time for analysis of allegations reported through the Internal Audit Division Hotline, Ethics Point Hotline, the Office of the State Auditor Hotline, or other internal and external sources and subsequent investigation.	
<b>Prior Years' Follow-up Audits</b>	
The Internal Audit Division performs follow-up activities on all audit issues reported by our office or the Office of the State Auditor. As of 03/04/2022, corrective actions for issues noted in the following audit reports will be assessed in fiscal year 2023:	
College of Natural Resources - Department of Forest Biomaterials - Conflict of Interest Investigation – Follow-up	
College of Sciences - Department of Biological Sciences Investigation – Follow-up	
College of Sciences – IT General Information Controls – Follow-up	
Federal Safeguards Rule - Security Requirements Audit – Follow-up	
Student Health Services - Pharmacy Investigation – Phase 2 – Internal Controls – Follow-up	
User Controls Over Ultra-Sensitive Data - Follow-up	



**DRAFT**

**NCSU Internal Audit Division  
PROPOSED Fiscal Year 2023 Audit Plan**

<b>Advisory Services</b>	
Enterprise Research Administration (ERA) Project and Research Enterprise Database (RED) Implementation	Internal Audit is providing advisory and consulting services on the replacement of multiple legacy systems used for ERA activities
Office of Information Technology (OIT) - Security and Compliance (S&C) - Assessment of HIPAA Security Rule	Internal Audit is providing advisory and consulting services to OIT S&C, who is working with a third party, to conduct a compliance assessment to the HIPAA Security Rule for Covered Components (PsychEd Clinic, Diagnostic Teaching Clinic, Student Health Services, Counseling Center, Sports Medicine)
Office of Information Technology (OIT) - Security and Compliance (S&C) - PeopleSoft (PS) Applications and Infrastructure Security/Risk Assessment	Internal Audit is providing advisory and consulting services to OIT S&C, who is working with a third party, to conduct a security and risk assessment of the PeopleSoft Applications and Infrastructure to determine the maturity of the IT general controls supporting the university's enterprise resource planning platform
<b>Special Assignments</b>	
University Information Technology (IT) Governance Committees	Chief Audit Officer & Director, Assistant Director, and IT Auditor are providing advisory services to various IT governance committees
<b>Continuous Risk Assessment and Audit Planning</b>	
Every week, Internal Audit Division team members visit University faculty and staff to discuss their unit's strategic plans, goals, and risk posture in relation to the University's Mission. This includes new and ongoing activities related to their academic, research, and outreach missions and potential concerns or emerging risks to both strategic and tactical goals at the unit and university level. This process supports the identification of potential audit and advisory engagements and is used as an objective tool in the development of our Annual Audit Plan.	

# **NCSU Internal Audit Division**

## **Continuous Risk Assessment and Audit Planning Process**

### **Audit Risk Universe (see illustration, page 6)**

Best practices relating to development of the audit universe contend that a risk-based internal audit function consider all risks that affect their enterprise, not just the "auditable risks." Specifically, at NCSU, this broader concept of the audit universe begins with the core elements of the NC State Mission: academics, research, and engagement. The NC State Internal Audit Division (IAD) identifies three integral activities necessary for the achievement of our mission:

- 1) Governing – performed by our university leadership team and the Board of Trustees who set the direction and ethical expectations for university constituents
- 2) Doing – performed by our faculty, engagement agents, and staff around the globe
- 3) Supporting – performed by university units through various processes and practices carefully designed to manage risk and ensure the university meets its goals, objectives, and requirements

Risks to these mission-critical activities and the ways in which risks are mitigated are the focus of our Continuous Risk Assessment (RA) Process that leads to the development of our Audit Risk Inventory and Audit Plan.

### **Continuous Risk Assessment Process (see illustration, page 7)**

IAD continuously performs risk assessment activities across the Audit Risk Universe to identify areas of high risk to the university "enterprise" in relation to achieving both its strategic and tactical goals and objectives. The RA process is at the core of our audit and consulting engagements and is used as an objective tool in the development of our risk-based Audit Plans. We use our Audit Risk Inventory to compile and track risk exposures to the university's governance, operations, and information systems that relate to components such as the:

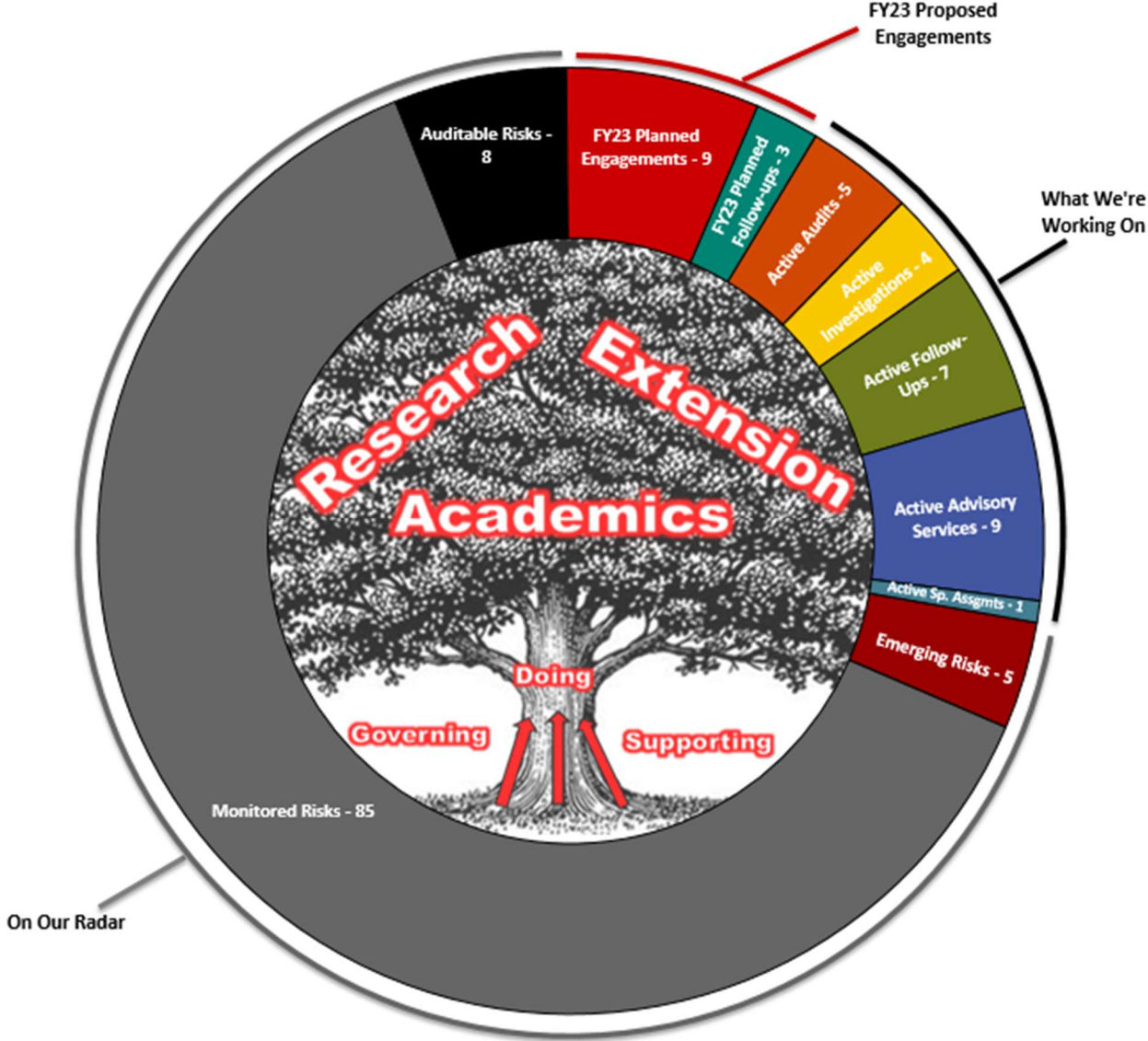
- Reliability and integrity of research, financial, and operational information
- Effectiveness and efficiency of operations
- Safe-guarding of assets
- Compliance with university and UNC System policies
- Compliance with legal, regulatory, and contractual obligations
- Detection and prevention of fraud
- Effectiveness of information technology security and compliance

### **Audit Plan Development (see illustration, page 7)**

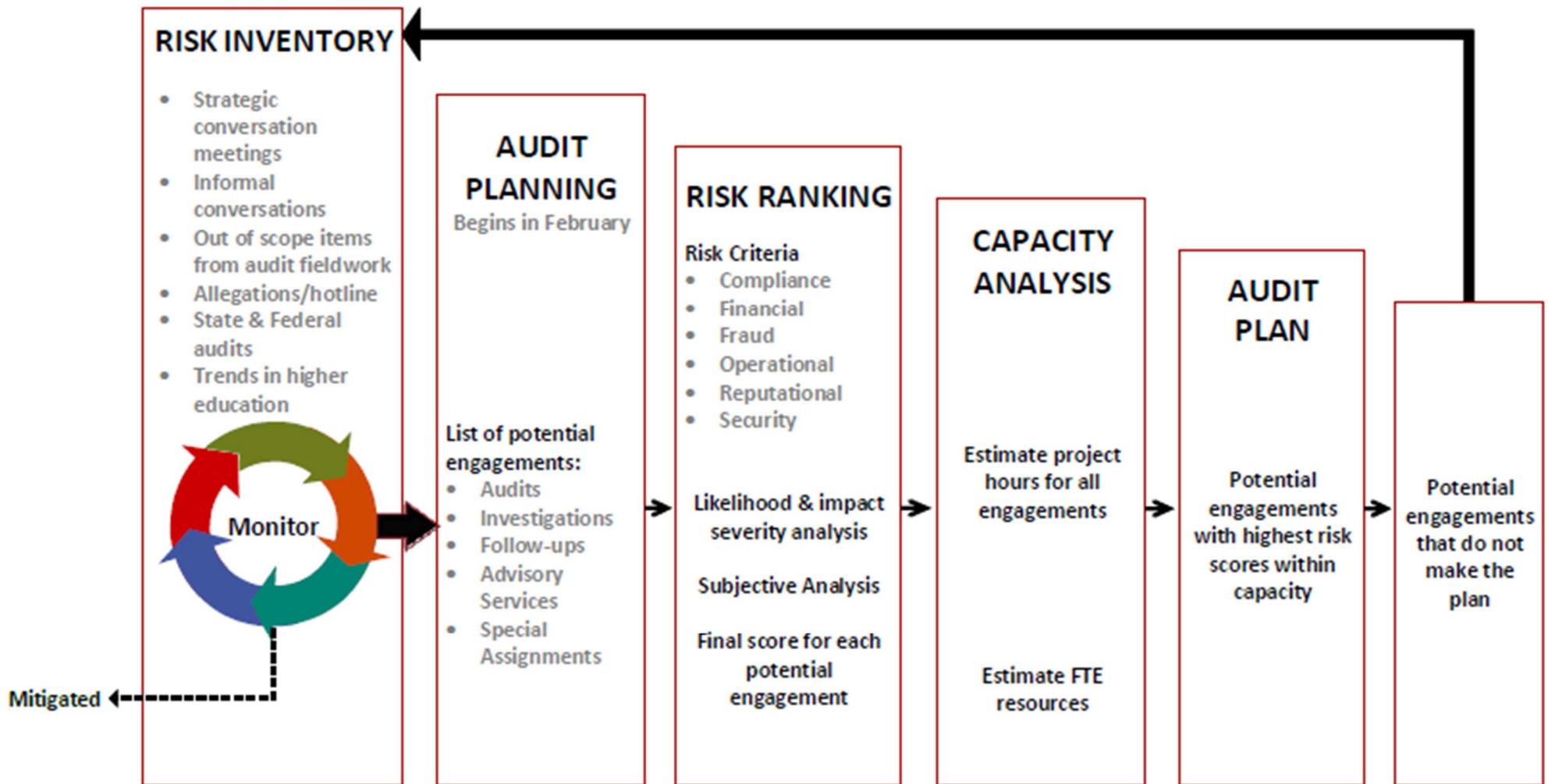
All objective and subjective information and data gathered through our continuous RA process is analyzed when received and at IAD management team meetings. This on-going analysis process allows IAD to determine areas that may need immediate attention, areas that are potential near-term or future audits, and areas that we will continue to watch and monitor through our process.

Our Audit Plan reflects the results of our continuous assessment and analysis process as of the end of January each calendar year. Each year's Audit Plan is presented for approval at the April meeting of the NC State Board of Trustees and is implemented at the start of the new fiscal year on July 1.

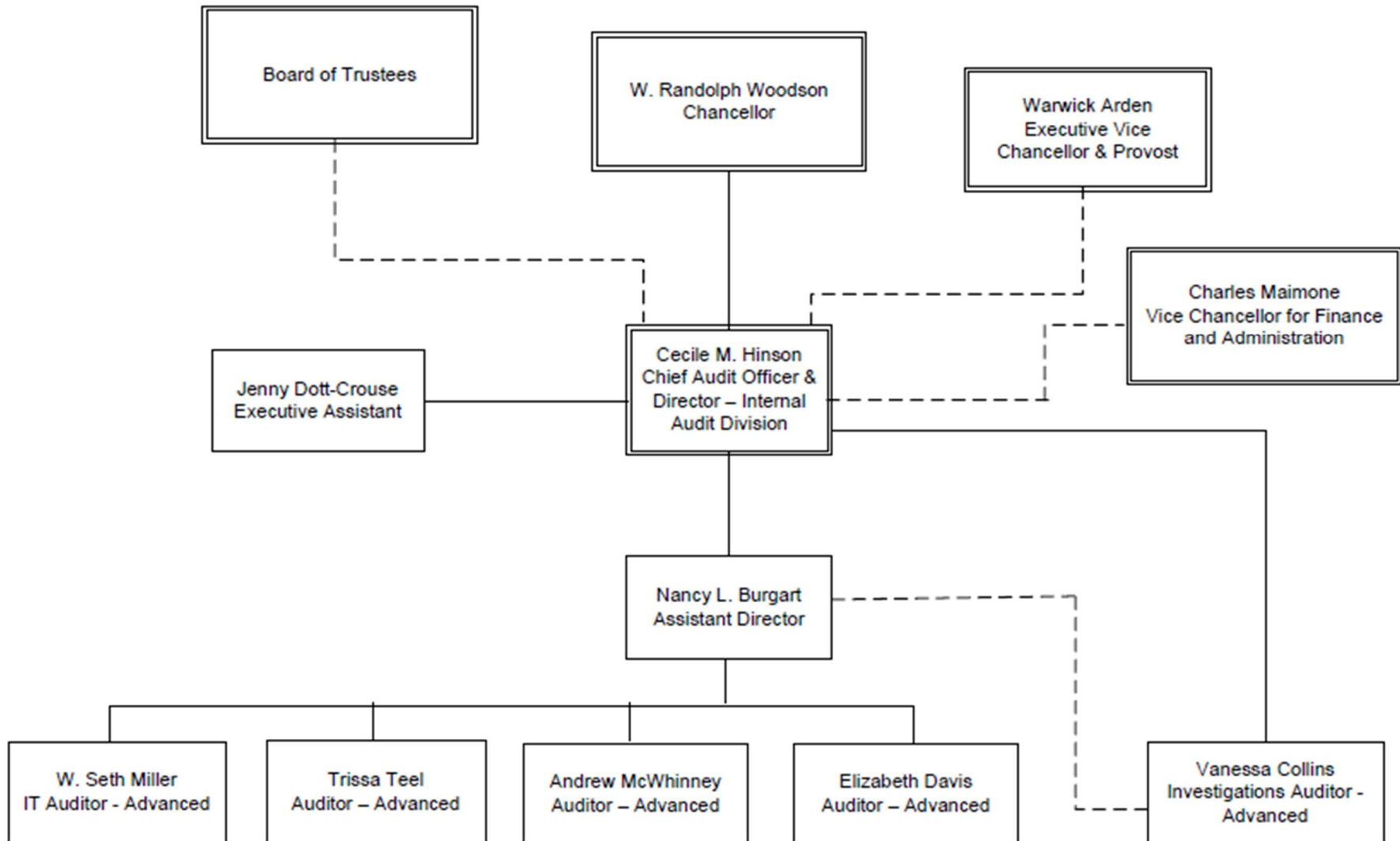
**NCSU Internal Audit Division**  
**Continuous Risk Assessment and Audit Planning Process**  
**Audit Risk Universe**



**NCSU Internal Audit Division**  
**Risk Assessment and Audit Planning Process**  
**Continuous Risk Inventory and Audit Plan Development**



**NCSU Internal Audit Division  
Organizational Chart  
April 1, 2022**



## **NCSU Internal Audit Division Staff Bios**

### **CHIEF AUDIT OFFICER AND DIRECTOR**

#### **Cecile M. Hinson, CCEP, CFE, CISA**

Cecile joined the Internal Audit Division in February 2001. Prior, she worked for Lockheed Martin and PricewaterhouseCoopers, LLP, in the areas of financial, operational, and information technology auditing. Cecile received her Bachelor of Science in Business with an emphasis in Accounting from Meredith College. She is a Certified Compliance and Ethics Professional (CCEP), a Certified Fraud Examiner (CFE), and a Certified Information Systems Auditor (CISA). She is also a graduate of the NC State Equal Opportunity Institute and holds an Information Technology Audit Certificate from the MIS Training Institute.

### **ASSISTANT DIRECTOR**

#### **Nancy L. Burgart, CFE, CISA**

Nancy re-joined the Internal Audit Division in October 2010 after working as an IT Compliance Auditor in the NC Office of the State Chief Information Officer. Nancy began her career at NC State in August 1994 and worked in various departments across campus, including Telecommunications, NCSU Libraries, and Internal Audit. Nancy has a Bachelor of Science in Accounting from East Carolina University. She is a Certified Information Systems Auditor (CISA) and a Certified Fraud Examiner (CFE).

### **STAFF**

#### **Vanessa Collins, CPA, CFE**

Vanessa joined the Internal Audit Division in March 2020 after serving as an investigative auditor at the NC Office of the State Auditor for over 4 years and, prior to that, as an investigator with the NC Real Estate Commission. Vanessa has a Bachelor of Arts degree from the University of North Carolina at Chapel Hill and an MBA from North Carolina State University. Vanessa is a Certified Public Accountant (CPA) and a Certified Fraud Examiner (CFE). She also serves as a cabinet member on the NCACPA's Young CPA Cabinet.

#### **Elizabeth Davis, CFE**

Elizabeth joined the Internal Audit Division in April 2022. Prior to joining NCSU, Elizabeth was an Internal Auditor at the University of North Carolina at Wilmington. Elizabeth has a Bachelor's of Science and Arts degrees in Business Administration and Political Science from the University of North Carolina at Wilmington. Elizabeth is a Certified Fraud Examiner (CFE).

#### **Andrew McWhinney, MA, CIA**

Andrew joined the Internal Audit Division in April of 2022. His audit experience includes five years in compliance-focused auditing as a Quality Assurance and Accountability Reviewer for Virginia Department of Social Services and, most recently, three years of risk-based auditing with the Office of Audit, Risk, and Compliance at Virginia Tech. Andrew has a bachelor's degree in Sociology from Virginia Tech in 2011, and dual master's degrees from the University of Wyoming in Sociology and Environment and Natural Resources. Additionally, Andrew is a Certified Internal Auditor (CIA).

**Seth Miller, CISA, Net+**

Seth joined the Internal Audit Division in August 2018. He has over seven years of compliance and auditing experience in regulated industries. Seth started his career at a non-profit organization (RTI International) focusing on governance, security, and compliance. He then moved to a large private software company (SAS) where he was focused on compliance, operations, and auditing. Seth has a Bachelor of Science Degree in Business Administration with a concentration in Marketing from Appalachian State University. Seth holds both Certified Information Systems Auditor (CISA) and Network Plus (Net+) certifications.

**Trissa Teel, CICA, MSAFM, AIPR**

Trissa joined the Internal Audit Division in March 2022. Trissa comes to NCSU from the NC Department of Administration (DOA), where she was the Internal Audit Director for the past 4 years. Prior to her tenure at NC DOA, Trissa was an insurance regulator auditor with the NC Department of Insurance. Trissa has a Bachelor of Science Degree in Accounting from NCSU and a Master of Science in Accounting and Financial Management (MSAFM) from the University of Maryland. Trissa is a Certified Internal Controls Auditor (CICA) and a certified Associate Professional in Insurance Regulation (AIPR).

**Jennifer (Jenny) Dott-Crouse**

Jenny joined the Internal Audit Division in August 2021. Jenny has several years of experience in the accounting industry and has held various positions, including PCard & Fraud Program Officer at the Naval Hospital, Naples, Italy; Information Systems Specialist at Ernst & Young; and most recently as the Director of Communications, Marketing, & Data for a non-profit. Jenny earned her Bachelor of Arts degree in English from Randolph-Macon College, with a minor in Asian Studies. She is a Certified Content Manager and assists IAD with administrative and business matters.



# Finance Update

**Mary Peloquin-Dodd**  
Associate Vice Chancellor,  
Finance and University Treasurer

Board of Trustees  
Audit, Risk Management and Finance Committee  
February 16, 2022



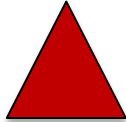


# Fiscal 2022

## Q1 and Q2 Income Statement (YOY)

- Operating Revenues increased by \$126.4 million or 17%
  - Sales & Services increased by \$99.3 million (\$101.3M to \$200.6M)
  - Tuition and fees increased by \$21.4 million (\$413.5M to \$434.9M)
  - Federal grants and contracts increased by \$13.8 million (\$113.6M to \$127.4M)
- Operating Expenses increased by \$41.8 million or 4.8%
  - Services increased by \$23.8 million
  - Salaries & Benefits increased by \$23.5 million or 5%, which included a COVID bonus
- Nonoperating revenue in Q1 includes state appropriations, gifts, investment income, and capital gifts and grants offset by debt service
  - *Lower interest expense for debt service (prior year refinancing)*
- ***Estimated Increase in Net Assets \$253 million versus \$77.4 million YOY***

## Q1 and Q2 Full Year Revenue Estimates

➤ FY 2020			
➤ Sales and Services	\$270 (in millions)		
➤ Tuition and Fees	\$456		
➤ FY 2021			
➤ Sales and Services	\$198	(\$72)	
➤ Tuition and Fees	\$435	(\$21)	
➤ FY 2022 (estimated)			
➤ Sales and Services	\$298	\$100	
➤ Tuition and fees	\$448	\$13	

## Q1 and Q2 Full-Year Estimates and Comparisons (not accrual)

➤	FY 2020	
	➤ Total Revenue	\$1,676 (in millions)
	➤ Total Operating Expenses	\$1,808
	➤ Net operating loss*	(\$132)
➤	FY 2021	
	➤ Total Revenue	\$1,611
	➤ Total Operating Expenses	\$1,744
	➤ Estimated Net operating loss*	(\$133)
➤	FY 2022	
	➤ Total Revenue	\$1,765
	➤ Total Operating Expenses	\$1,796
	➤ Estimated Net operating loss*	(\$31)

\*Net operating loss = total operating revenues (including state appropriations) less total operating expenses, and does not include other nonoperating revenue or accrual based adjustments such as HEERF funding, depreciation, gifts, investment income, and capital gifts and grants. In most years, accruals add significant revenues and expenses.

# Questions



**Review of Audit Reports - University Associated Entities**  
**Audit, Risk Management and Finance Committee**  
**North Carolina State University**  
**June 30, 2021**

\*Hover over an entity to access the current online financial report if available.

	Total Net Assets June 30, 2021 In 000's	Unqualified Audit Opinion	Management Letter	Signed Operating Agreement
<b>INVESTMENT ENTITY:</b>				
NC State Investment Fund, Inc.	\$ 1,828,478	Yes	No	Yes
<b>FUNDRAISING ENTITIES:</b>				
The North Carolina Agricultural Foundation, Inc.	223,991	Yes	No	Yes
NC State Engineering Foundation, Inc.	161,573	Yes	No	Yes
North Carolina State University Foundation, Inc.	666,174	Yes	No	Yes
NC State Executive Education, LLC (a, b, c)	396	N/A	N/A	Yes
North Carolina Tobacco Foundation, Inc. (d)	14,048	Yes	No	Yes
NC State Natural Resources Foundation, Inc.	54,135	Yes	No	Yes
North Carolina Veterinary Medical Foundation, Inc.	119,281	Yes	No	Yes
North Carolina State University College of Sciences Foundation, Inc.	38,151	Yes	No	Yes
NC State University Alumni Association, Inc.	60,845	Yes	No	Yes
NCSU Student Aid Association, Inc.	68,593	Yes	No	Yes
North Carolina Textile Foundation, Inc.	89,299	Yes	No	Yes
<b>SOCIAL CLUB ENTITIES:</b>				
North Carolina State University Club (e)	9,632	Yes	No	Yes
The NC State Alumni Club, Inc. (g)	N/A	N/A	N/A	Yes
<b>OTHER ENTITIES:</b>				
NC State University Partnership Corporation	265	Yes	No	Yes
Leaders in Innovation and Nonwovens Commercialization, LLC (a, f)	3,837	N/A	N/A	Yes
NC State University Centennial Development, LLC (a, f)	16,721	N/A	N/A	Yes
NC State Upfit, LLC (a, f)	1	N/A	N/A	Yes
Bell Tower Holdings LLC (a, f)	-	N/A	N/A	Yes
NC State CBC Land I, LLC (a, f)	23	N/A	N/A	Yes
NC State CC Holdings I, LLC (a, f)	425	N/A	N/A	Yes
Wolfpack Investor Network, LLC (a, f)	11	N/A	N/A	Yes
C2I, LLC (a, f)	93	N/A	N/A	Yes
Research, LLC (a, f)	-	N/A	N/A	Yes

(a) LLC's are wholly owned by aforementioned entity

(b) Net Assets also included in NCSU Fdn Total Net Assets

(c) Operating Agreement is between LLC and NC State University Foundation

(d) Merged with The North Carolina Agricultural Foundation, Inc. effective July 1, 2021

(e) December 31 year end; numbers are as of December 31, 2020

(f) Operating Agreement is between LLC and NC State University Partnership Corporation

(g) Articles of Dissolution filed December 28, 2021

N/A - Not applicable

Audited financial statements are linked to the entity name for easy access.

**NC STATE INVESTMENT FUND, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2021 and 2020**

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**NC State Investment Fund, Inc.  
Financial Statements  
For the Years Ended June 30, 2021 and 2020**

**Contents**

---

<b>Independent Auditors' Report</b>	1 - 3
-------------------------------------	-------

---

<b>Management's Discussion and Analysis (Unaudited)</b>	4 - 10
---	--------

---

**Financial Statements**

Statements of Net Position	12
Statements of Changes in Net Position	13
Notes to the Financial Statements	15 - 23

---

**Supplementary Information**

Participants' Net Position Graph - Long Term Investment Pool (LTIP)	25 - 26
Schedule of Changes in Net Position by Participant (LTIP) - 2021	27 - 28
Schedule of Changes in Net Position by Participant (LTIP) - 2020	29 - 30
Schedule of Changes in Net Position by Participant - Intermediate Term Fund (ITF) - 2021	31 - 32
Schedule of Changes in Net Position by Participant - Intermediate Term Fund (ITF) - 2020	33 - 34

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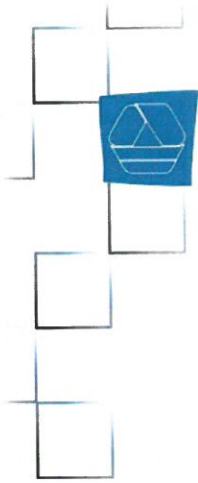
**Internal Control and Compliance Matters**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36 - 37
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Williams Overman Pierce, LLP  
— CPAs • Advisors —

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
NC State Investment Fund, Inc.  
Raleigh, North Carolina

We have audited the accompanying financial statements of NC State Investment Fund, Inc. (the "Fund"), a nonprofit organization and a component unit of North Carolina State University, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of changes in net position for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Greensboro  
328 E. Market Street, Suite 100  
Greensboro, NC 27401  
336.275.1686

Raleigh  
2501 Atrium Drive, Suite 500  
Raleigh, NC 27607  
919.782.3444

[www.wopcpa.com](http://www.wopcpa.com)

Wilmington  
1508 Military Cutoff Road, Suite 300  
Wilmington, NC 28403  
910.509.0803



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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NC State Investment Fund, Inc., as of June 30, 2021 and 2020, and the respective changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, 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 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 Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise NC State Investment Fund, Inc.'s basic financial statements. The supplementary information on pages 25 through 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements.





The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of the Fund'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's 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 Fund's internal control over financial reporting and compliance.

*Williams Dyerman Pierce, LLP*

Greensboro, North Carolina  
October 12, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

### INTRODUCTION

This discussion and analysis provides an introduction and overview of the financial position and activities of the NC State Investment Fund, Inc. (the "Fund") for the fiscal year ended June 30, 2021 with comparative information for the fiscal year ended June 30, 2020. Management has prepared the discussion and analysis, which should be read in conjunction with the financial statements and the accompanying note disclosures. The Fund is a North Carolina not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and was established to operate a pooled investment vehicle for North Carolina State University (the "University"), the Endowment Fund of the University (the "Endowment Fund"), and other University-associated entities.

The Fund was established in 1998 and began operations in April 1999. The Fund is classified as a governmental external investment pool that is not registered with the Securities and Exchange Commission (the "SEC") as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The original pool, the long-term investment pool (the "LTIP"), was established as an external pooled investment vehicle for the Endowment Fund and other University-associated entities' endowed funds. In July 2014, the Fund established a second pool, the NC State Intermediate Term Fund (the "ITF"), as a vehicle to invest the excess operating cash of these entities.

Included in this report are the Statements of Net Position, Statements of Changes in Net Position, Notes to the Financial Statements, Participants' Net Position Graph, and Schedules of Changes in Net Position by Participant by investment pool. These financial statements have been prepared in accordance with the presentation and disclosure requirements of the Governmental Accounting Standards Board ("GASB"). The GASB pronouncements establish financial reporting standards for all state and local governments and related entities.

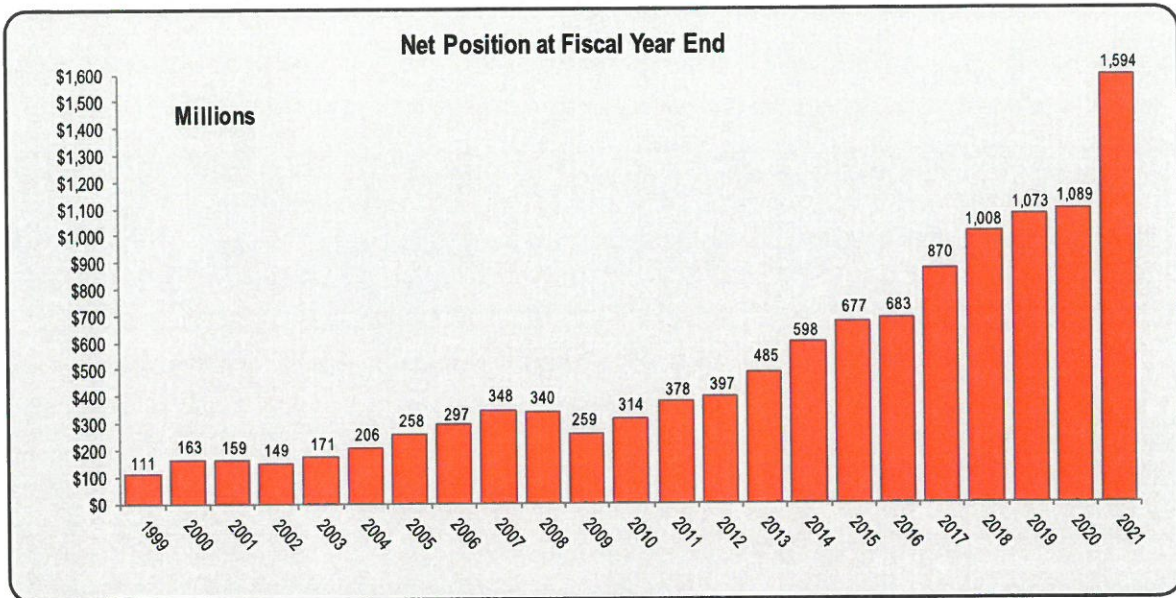
### FINANCIAL HIGHLIGHTS

#### *Long-Term Investment Pool ("LTIP")*

The primary investment objective for the LTIP is to earn a total return (net of investment and custodial fees) within prudent levels of risk, sufficient to maintain in real terms the purchasing power of the LTIP and to meet the spending needs of the participants. To help meet this investment objective, the LTIP invests in various asset classes to offer diversification. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund.

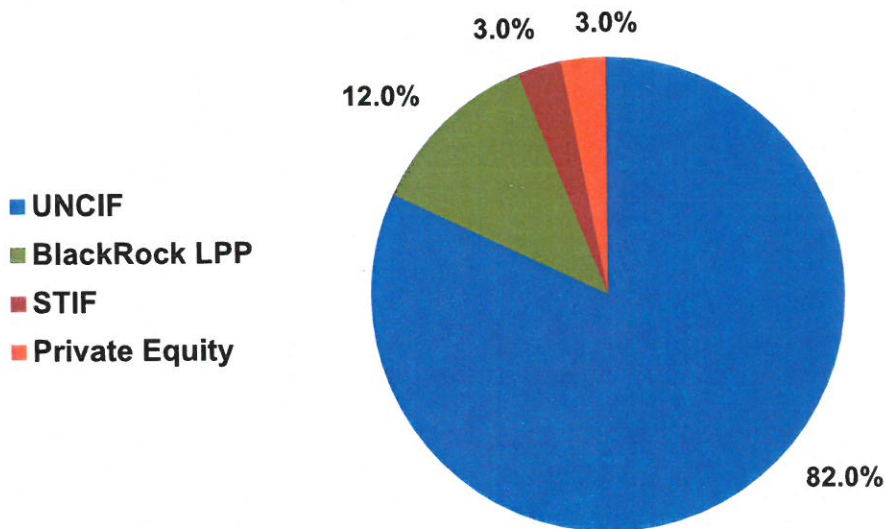
As shown in the chart on the next page, since the LTIP's inception in April 1999, net position has increased to \$1.594 billion, which consists of approximately \$1.005 billion in additions (\$231 million of which is from initial positions added to the Fund), \$1.000 billion in net earnings and appreciation, minus \$412 million in participant spending withdrawals. For fiscal year ended June 30, 2021, change in net position was attributable to approximately \$111 million in additions (\$49 million of which is from initial positions added to the Fund), \$446 million in net earnings and appreciation, minus \$52 million in participant spending withdrawals.



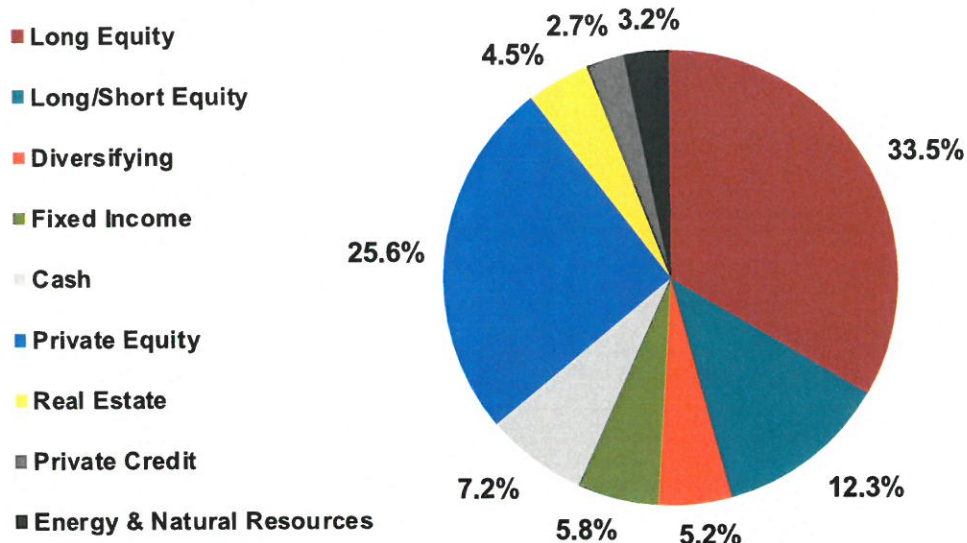


During the fiscal year ended June 30, 2021, the LTIP continued its investment with UNC Management Company (“UNCMC”). UNCMC provides investment management services to the constituent institutions of the UNC System through a pooled investment vehicle called the UNC Investment Fund (the “System Fund”). The LTIP began investing its non-committed assets with the System Fund effective July 2008 with completion of the transition occurring December 2009, and has a 13% membership interest in the System Fund as of June 30, 2021.

In addition to the allocation with the System Fund of \$1.307 billion as of June 30, 2021, the LTIP has \$48 million with other managers in private equity funds, \$191.2 million in a BlackRock Liquid Policy Portfolio (“LPP”), and \$48 million in the State Treasurer’s Short-Term Investment Fund (the “STIF”).



The LTIP asset allocation as of June 30, 2021 is as follows:



For the fiscal year ended June 30, 2021, the LTIP experienced a net investment return of 39.3% compared to the policy benchmark of 29.2%. For the fiscal year ended June 30, 2020, the LTIP experienced a net return of 2.1% compared to the policy benchmark return of 3.5%. The LTIP's annualized 5-year return as of June 30, 2021 was 13.8% as compared to the policy benchmark of 11.2% and the System Fund of 14.5%.

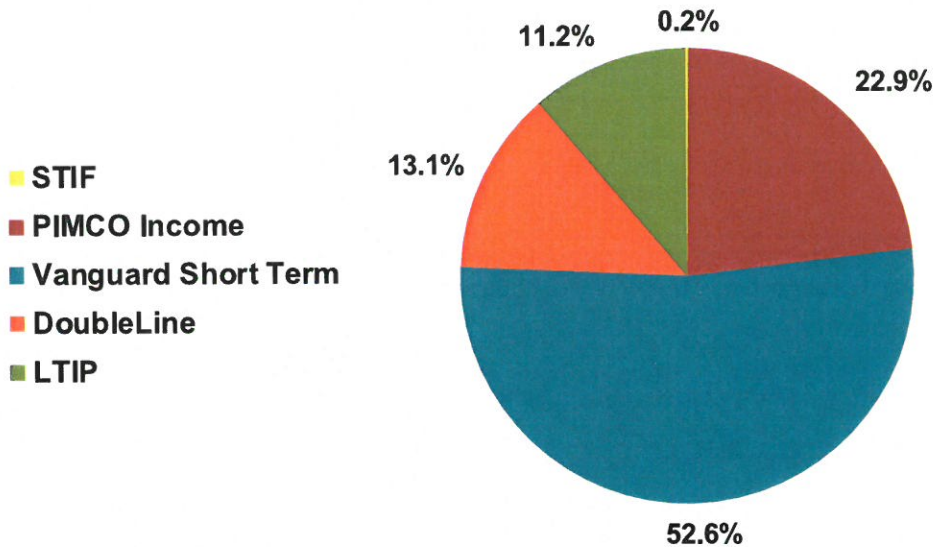
*Intermediate Term Fund ("ITF")*

The ITF was established on July 3, 2014 with an initial investment of \$122 million and with additional investments has grown to \$264 million as of June 30, 2021. The ITF consists of participants' excess operating cash balances, which are defined as funds not needed for normal operating purposes. Generally, the ITF will not include funds needed within the next year, endowed funds, or those funds that are specifically excluded by law or contractual agreement. Prior to December 2020, monthly earnings from the ITF were distributed to the participants, rather than reinvesting in additional shares. Beginning in January 2021, a decision was made to reinvest all monthly earnings until there was a specific need for cash. Also in January 2021, the ITF invested approximately \$25 million in the LTIP and will adhere to the LTIP spending policy for this portion of the fund.

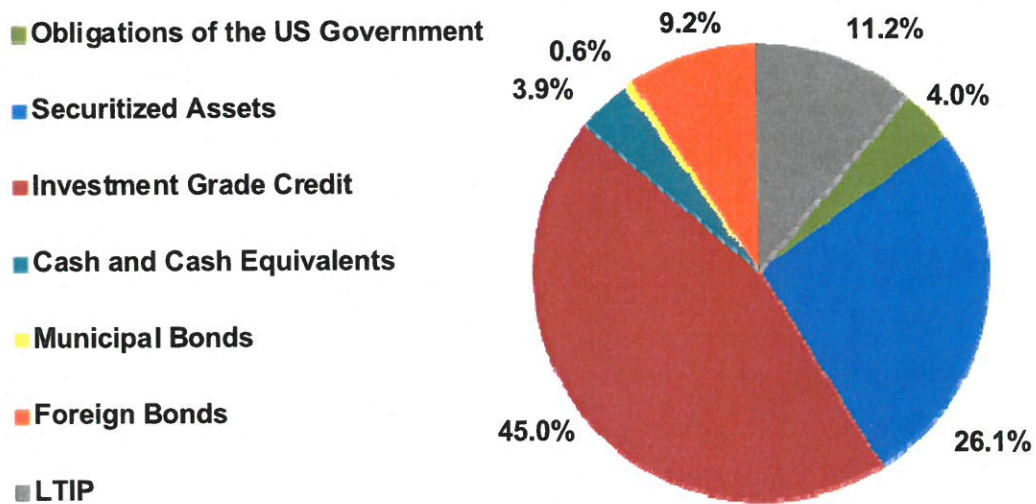
The primary investment objectives for the ITF are preservation and safety of principal; liquidity; and maximization of returns within acceptable levels of risk. Because of concerns about potential changes in monetary policy and rising interest rates, duration is limited. The investment policy calls for an average weighted maturity between one and five years, with an overall credit rating in general of A+/A as rated by a nationally-recognized rating agency. For any mutual funds selected by the ITF, their respective approved investment policy guidelines supersede those of the ITF.



ITF contributions are invested in three mutual funds held with DoubleLine, Vanguard, and PIMCO, STIF and the LTIP.



The ITF asset allocation as of June 30, 2021 is as follows:



For the fiscal year ended June 30, 2021, the ITF experienced a net investment return of 5.6% compared to the Barclays 1-3 year US Treasury Index of 0.0%. For the fiscal year ended June 30, 2020, the ITF experienced a net return of 3.8% compared to the Barclays 1-3 year US Treasury Index of 4.1%. The SEC Yield is based on a formula mandated by the SEC that allows fairer comparison of bond mutual funds or exchange-traded funds (“ETFs”). The yield figure approximates the yield an investor would receive in a year by assuming that bonds in the portfolio are held to maturity, all dividends and interest income reinvested, and all fees and expenses deducted. The SEC Yield for the fund was 2.0% and 2.1% for the fiscal years ended June 30, 2021 and 2020, respectively.



**USING THE FINANCIAL STATEMENTS**

The Fund's Annual Financial Report includes the following four components:

- Statements of Net Position
- Statements of Changes in Net Position
- Notes to the Financial Statements
- Supplementary Information:
  - Participants' Net Position Graph (LTIP)
  - Schedules of Changes in Net Position by Participant (LTIP) and (ITF)

**COMPARATIVE CONDENSED FINANCIAL STATEMENT INFORMATION****Condensed Statements of Net Position**

The Condensed Statements of Net Position present the financial position of the Fund at the end of the fiscal year and include all assets and liabilities of the Fund by pool. Net position represents the difference between total assets and total liabilities, and is one indicator of the financial condition of the Fund.

The following table summarizes and compares the LTIP's assets, liabilities, and net position at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 47,936,427	\$ 40,158,126
Long-term investments, at fair value	1,546,768,422	1,049,162,530
<b>Total Assets</b>	<u>\$ 1,594,704,849</u>	<u>\$ 1,089,320,656</u>
<b>Liabilities</b>		
Payables - current	\$ 827,479	\$ 591,272
<b>Total Liabilities</b>	<u>827,479</u>	<u>591,272</u>
<b>Net Position - Restricted</b>	<u>1,593,877,370</u>	1,088,729,384
<b>Total Liabilities and Net Position</b>	<u>\$ 1,594,704,849</u>	<u>\$ 1,089,320,656</u>

Cash and cash equivalents include the amount held in the STIF. Payables represent amounts due for investment management fees.

The following table summarizes the ITF's assets, liabilities, and net position at June 30, 2021 and 2020:

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 138,281	\$ 533,110
Intermediate term investments, at fair value	264,148,973	188,133,889
<b>Total Assets</b>	<u>\$ 264,287,254</u>	<u>\$ 188,666,999</u>
<b>Net Position - Restricted</b>	<u>\$ 264,287,254</u>	<u>\$ 188,666,999</u>
<b>Total Net Position</b>	<u>\$ 264,287,254</u>	<u>\$ 188,666,999</u>

Cash and cash equivalents include the amount held in the STIF.

#### Condensed Statements of Changes in Net Position

The Condensed Statements of Changes in Net Position represent the Fund's results of operations.

The following table summarizes and compares the LTIP's changes in net position for the years ended June 30, 2021 and 2020:

	2021	2020
<b>Operating Income</b>		
Investment appreciation, net	\$ 451,507,968	\$ 26,102,488
<b>Total Operating Income</b>	<u>451,507,968</u>	<u>26,102,488</u>
<b>Operating Expenses</b>		
Investment management fees	5,330,795	4,631,452
Investment custodial fees	94,728	129,151
Other expenses	500,865	921,452
<b>Total Operating Expenses</b>	<u>5,926,388</u>	<u>5,682,055</u>
<b>Net Operating Gains</b>	445,581,580	20,420,433
<b>Participant Additions</b>	111,283,730	41,936,000
<b>Participant Withdrawals</b>	(51,717,324)	(47,063,049)
<b>Total Net Additions (Withdrawals)</b>	<u>59,566,406</u>	<u>(5,127,049)</u>
<b>Change in Net Position</b>	505,147,986	15,293,384
<b>Net Position</b>		
Beginning of year	1,088,729,384	1,073,436,000
End of year	<u>\$ 1,593,877,370</u>	<u>\$ 1,088,729,384</u>

The following table summarizes the ITF's changes in net position for the years ended June 30, 2021 and 2020:

**NC State Investment Fund, Inc.  
Intermediate Term Fund (ITF)  
Condensed Statement of Changes in Net Position**

	2021	2020
<b>Operating Income</b>		
Investment appreciation, net	\$ 12,347,909	\$ 7,007,930
<b>Total Operating Income</b>	<u>12,347,909</u>	<u>7,007,930</u>
<b>Operating Expenses</b>		
Investment management fees	193,556	134,260
Investment custodial fees	22,277	35,476
Other expenses	36,739	48,657
<b>Total Operating Expenses</b>	<u>252,572</u>	<u>218,393</u>
<b>Net Operating Gains</b>	12,095,337	6,789,537
<b>Participant Additions</b>	68,000,000	-
<b>Participant Withdrawals</b>	(4,475,082)	(6,643,897)
<b>Total Net Additions (Withdrawals)</b>	<u>63,524,918</u>	<u>(6,643,897)</u>
<b>Change in Net Position</b>	75,620,255	145,640
<b>Net Position</b>		
Beginning of year	188,666,999	188,521,359
End of year	<u>\$ 264,287,254</u>	<u>\$ 188,666,999</u>

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the financial statements taken as a whole. The notes to the financial statements can be found immediately following the Fund's financial statements.

**Supplementary Information**

The supplementary information section on pages 25 through 34 include the Participants' Net Position Graph for the LTIP at June 30, 2021 and 2020, as well as the Schedules of Changes in Net Position by Participant for both the LTIP and ITF. This information is not mandatory, but is included to provide details for the participants of the Fund.

**Contacting the NC State Investment Fund, Inc.**

An electronic version of this report is available by accessing the Foundations Accounting and Investments home page at <http://foundationsaccounting.ofa.ncsu.edu/investment-fund/> or by calling (919) 513-7149.

# FINANCIAL STATEMENTS



NC State Investment Fund, Inc.  
 Statements of Net Position  
 June 30, 2021 and 2020

	<b>ASSETS</b>	
	2021	2020
<b>Current Assets</b>		
Cash and cash equivalents (Notes 1 and 2)	\$ 48,074,708	\$ 40,691,236
<b>Total Current Assets</b>	<u>48,074,708</u>	<u>40,691,236</u>
<b>Noncurrent Assets</b>		
Intermediate term investments, at fair value (Notes 1 and 2)	234,462,112	188,133,889
Long-term investments, at fair value (Notes 1 and 2)	1,546,768,422	1,049,162,530
<b>Total Noncurrent Assets</b>	<u>1,781,230,534</u>	<u>1,237,296,419</u>
<b>Total Assets</b>	<u>\$ 1,829,305,242</u>	<u>\$ 1,277,987,655</u>
	<b>LIABILITIES</b>	
<b>Liabilities</b>		
Payables - current (Note 1)	\$ 827,479	\$ 591,272
<b>Total Liabilities</b>	<u>827,479</u>	<u>591,272</u>
	<b>NET POSITION</b>	
<b>Net Position - Restricted</b>	1,828,477,763	1,277,396,383
<b>Total Liabilities and Net Position</b>	<u>\$ 1,829,305,242</u>	<u>\$ 1,277,987,655</u>

See accompanying notes to the financial statements.

**NC State Investment Fund, Inc.**  
**Statements of Changes in Net Position**  
**For the Years Ended June 30, 2021 and 2020**

	2021	2020
<b>Additions</b>		
Participant additions	\$ 153,500,330	\$ 41,936,000
Investment income	6,368,989	7,630,688
Realized appreciation on investment transactions, net (Note 2)	27,977,460	22,950,683
Unrealized appreciation on investments, net (Note 2)	424,516,783	2,529,047
<b>Total Additions</b>	<b>612,363,562</b>	<b>75,046,418</b>
<b>Deductions</b>		
Participant withdrawals (Note 1)	55,162,446	53,706,946
Investment management fees	5,465,127	4,765,712
Investment custodial fees	117,005	164,627
Other expenses	537,604	970,109
<b>Total Deductions</b>	<b>61,282,182</b>	<b>59,607,394</b>
<b>Change in Net Position</b>	<b>551,081,380</b>	<b>15,439,024</b>
<b>Net Position</b>		
Beginning of year	1,277,396,383	1,261,957,359
End of year	<b>\$ 1,828,477,763</b>	<b>\$ 1,277,396,383</b>

See accompanying notes to the financial statements.

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## **NOTES TO THE FINANCIAL STATEMENTS**



**Note 1. Nature of Activities and Significant Accounting Policies**

Nature of activities: The NC State Investment Fund, Inc., (the "Fund") is a governmental not-for-profit organization, established in 1998 and began operations in April 1999, as a separately incorporated external investment fund pool, reporting under the guidelines of Governmental Accounting Standards Board ("GASB") Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 34, *Basic Financial Statement and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. An external pool is defined as an arrangement that pools the monies of more than one legally separate entity and invests in an investment portfolio on the participants' behalf. The Fund is classified as a non-rated "2a-7-like" pool which is an external investment pool that is not registered with the SEC as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The original pool, the long-term investment pool (the "LTIP"), was established as an external pooled investment vehicle for North Carolina State University, the Endowment Fund of the University and other University-associated entities' endowed funds. In July 2014, the Fund established a second pool, the NC State Intermediate Term Fund (the "ITF"), as a vehicle to invest the excess operating cash of these entities. Detailed information regarding the participants in the Fund is available in the Supplementary Information section of the financial statements.

As of June 30, 2021 and 2020, 82.0% and 82.5%, respectively, of the LTIP was managed by UNC Management Company ("UNCMC") as a member of the System Fund. The System Fund was organized as a North Carolina limited liability company in 2002 and was granted tax-exempt status under Internal Revenue Code Section 501(c)(3) effective July 1, 2008. Effective July 1, 2009, UNCMC adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

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

Basis of accounting/measurement focus: The financial statements of the Fund have been prepared on the accrual basis of accounting and the economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

As permitted under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Fund has elected not to apply Financial Accounting Standards Board Statements of Financial Accounting Standards issued after November 30, 1989, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

Cash and cash equivalents: This classification includes deposits held by the State Treasurer in the Short-Term Investment Fund (the "STIF"). The STIF is not FDIC insured and has the general characteristics of a demand deposit account in that participants may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Cash and cash equivalents held by the LTIP and the ITF at June 30, 2021 were \$47,936,427 and \$138,281, respectively. Cash and cash equivalents held by the LTIP and the ITF at June 30, 2020 were \$40,158,126 and \$533,110, respectively.



**Note 1. Nature of Activities and Significant Accounting Policies (continued)**

Intermediate term investments: This classification includes investments in three publicly traded mutual funds holding securities with an average duration of less than five years. Each of these funds are traded on a recognized securities exchange and will be valued at that day's last reported trade price or the official closing price on the exchange where the funds are primarily traded.

Long-term investments: This classification includes investments in a 501(c)(3) limited liability company (System Fund), private assets, and the LPP, a bundle of exchange-traded funds. The System Fund's investments are managed by external investment firms and advisors and are diversified both by asset class (e.g., common stocks and fixed income securities) and within asset classes (e.g., by economic sector, geographic area, industry, quality, and size). The fair values of all debt and equity securities with readily determinable fair values are based on quoted market prices for the System Fund. Investments for which a readily determinable fair value does not exist may include investments in venture capital funds, hedge funds, and limited partnerships for which underlying securities may include marketable debt and equity securities. These investments are carried at estimated fair values as provided by the respective fund managers of the investments. UNCMC, the investment manager of the System Fund, reviews and evaluates the values provided by the fund managers as well as the valuation methods and assumptions used in determining the fair value of such investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Private equities include venture capital partnerships, buy-outs, and growth funds invested domestically as well as globally. The valuation of the underlying private companies requires significant judgment and interpretation by the general partners of the underlying investment partnerships due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Private companies are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, primarily including observations of the trading multiples of public companies considered comparable to the private companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer, the lack of liquidity inherent in a non-public investment, credit markets, and the fact that comparable public companies are not identical to the companies being valued. Changes in unrealized appreciation on the carrying value of investments are reported in the Statements of Changes in Net Position.

BlackRock values the LPP's exchange-traded funds (the "ETFs") at fair value each day. The BlackRock Global Valuation Methodologies Committee oversees the valuation of investments for the LPP. ETFs traded on a recognized securities exchange are valued at that day's last reported trade price or the official closing price on the exchange where the ETF is primarily traded. If these methods yield a price for an investment deemed not representative of the fair value of the investment or if a price is not available, the investment will be valued based upon the price that the LPP can reasonably expect to receive from the current sale of that asset in an arm's-length transaction.

Payables: Payables at June 30, 2021 and 2020 consist of LTIP investment management fees due to UNCMC.

Participant withdrawals: Participants withdraw funds from the Fund each fiscal year based on spending needs.



**Note 1. Nature of Activities and Significant Accounting Policies (continued)**

Income taxes: The Fund is exempt from income taxes as a not-for-profit organization under Internal Revenue Code Section 501(c)(3). The Fund is not a private foundation because it is an organization described in Internal Revenue Code Section 509(a)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Fund and recognize a tax liability (or asset) if the Fund has taken an uncertain position that more likely than not would be not sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Fund, and has concluded that as of June 30, 2021 and 2020 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Fund is no longer subject to income tax examinations for tax years prior to 2017.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions and deductions during the reporting period. Actual results could differ from these estimates.

Reclassifications: Certain amounts on the 2020 financial statements have been reclassified to conform to the 2021 presentation with no effect on previously reported net position.

**Note 2. Deposits and Investments**

**Deposits** - During fiscal years 2021 and 2020, the Fund invested cash in the STIF pursuant to G.S. 147-69.3 (b) and the North Carolina Administrative Code (20 NCAC 1G. 0207) which allows for certain entities having funds not required to be deposited with the State Treasurer to voluntarily deposit them with the State Treasurer for investment purposes.

The STIF is an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating and had a weighted average maturity of 1.2 and 0.4 years as of June 30, 2021 and 2020, respectively. Assets and shares of the STIF are valued at amortized cost, which approximates fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool, which includes the STIF, are incorporated in the State of North Carolina's Comprehensive Annual Financial Report. An electronic version of this report is available on the North Carolina Office of the State Controller's website, <http://www.osc.nc.gov>.

**Investments** - The Fund's oversight is provided by the Fund's Members Board and its Board of Directors. The Members Board is responsible for providing governance and oversight to the Fund. The Board of Directors' primary role is to oversee all aspects of the investment program, including development and approval of the Investment Policy Statement and any changes made to it after its initial adoption, in a prudent manner with regard to preserving principal while providing reasonable returns. The Board has delegated authority to the Private Asset Committee for oversight of the private assets and the ITF committee for oversight of the ITF.



**Note 2. Deposits and Investments (continued)**

The Fund's custodian provides monthly reporting of income and fair value information, which is then allocated among the Fund's participants. Each participant holds Master Trust Units ("Units") of the Fund. The Unit price fluctuates based on the investment return of the investment pool. The Unit price is determined by dividing the net asset value of the investment pool by the total number of Units held by the participants. The custodian provides monthly and quarterly reporting of income and fair value information, which is then allocated among the participants on a quarterly basis. Earnings are allocated based on the pro-rata share of the Unit holdings of each participant account as of the close of the earnings period. Fair values are determined by the Fund's custodian using published market rates. These values are compiled monthly and are used to determine the net asset value of the Fund. There are no involuntary participants in the Fund. The Fund has not provided or obtained any legally binding guarantees to support the value of the pool's investments. In the management of the Fund, the Members Board and Board of Directors are responsible for exercising ordinary business care and prudence under the facts and circumstances prevailing at the time of an action or decision. The Fund believes it is in compliance with all legal, regulatory or contractual provisions including the investment policy of the Fund and the laws and regulations of the State of North Carolina.

The Fund's equity position in the System Fund was \$1,306,405,281 and \$898,478,144 at June 30, 2021 and 2020, respectively. The System Fund is an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating. Asset and ownership interests of the System Fund are determined on a monthly market unit valuation basis. The System Fund reviews and evaluates the values provided by the fund managers as well as the valuation methods and assumptions used in determining the fair value of such investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. The policies surrounding normal spending distributions and withdrawals less than \$10 million require a thirty day notice period. For withdrawals in excess of \$10 million (excluding spending distributions), a ninety day notice is required and funds may be withdrawn on a quarterly basis. After the ninety day notice period, requests up to \$200 million will be fulfilled via \$50 million payments per quarter until the redemption is complete. For requests in excess of \$200 million, \$50 million will be paid quarterly for the first four quarters. The following four quarters will pay the greater of \$50 million or 25% of the excess over \$200 million until the redemption is complete. Final payment of a complete withdrawal is subject to a 5% holdback pending the completion of the audit for the fiscal year in which the final payment is expected.

Realized and unrealized appreciation: The Fund realized net appreciation of \$27,977,460 and \$22,950,683 from the sale of investments for the years ended June 30, 2021 and 2020, respectively. The calculation of realized appreciation is independent of the calculation of the net increase in the fair value of investments. The change in unrealized appreciation on investments during the years ended June 30, 2021 and 2020 was \$424,516,783 and \$2,529,047, respectively. These amounts take into account all changes in the fair values (including appreciation and depreciation) that occurred during the respective periods. The cumulative net unrealized gains on investments held at June 30, 2021 and 2020 is \$836,748,416 and \$412,231,633, respectively.



**Note 2. Deposits and Investments (continued)**

*Investment and deposit risk:* Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500. Investment risks associated with the System Fund are included in the audited financial statements of the UNC Investment Fund, LLC which may be obtained from UNC Management Company, Inc., 1400 Environ Way, Chapel Hill, NC 27517.

*Credit risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund does not have a formal policy that addresses credit risk. The Fund minimizes concentrations of credit risk by undertaking transactions in a large number of asset classes across multiple investment managers. The value of securities indirectly held with the System Fund may decline if the issuer or guarantor of a fixed income security is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

At June 30, 2021 and 2020, the Fund had the following credit quality distribution for securities with credit exposure (based on S&P ratings):

	June 30, 2021	Aaa/AAA	Aa/AA	A	Baa/BBB	Less than Investment Grade	Unrated
Collective investment funds	\$ 191,178,651	\$ -	\$ 15,271,037	\$ 26,770,759	\$ -	\$ 1,915,085	\$ 147,221,770
Debt mutual funds	234,462,112	-	-	-	139,128,898	34,707,802	60,625,412
Totals	\$ 425,640,763	\$ -	\$ 15,271,037	\$ 26,770,759	\$ 139,128,898	\$ 36,622,887	\$ 207,847,182

	June 30, 2020	Aaa/AAA	Aa/AA	A	Baa/BBB	Less than Investment Grade	Unrated
Collective investment funds	\$ 122,338,630	\$ 7,250,060	\$ 21,374,017	\$ -	\$ -	\$ 803,060	\$ 92,911,493
Debt mutual funds	188,133,889	-	-	116,529,837	-	27,925,710	43,678,342
Totals	\$ 310,472,519	\$ 7,250,060	\$ 21,374,017	\$ 116,529,837	\$ -	\$ 28,728,770	\$ 136,589,835

*Custodial credit risk:* Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund follows the Cash Management Plan approved by the North Carolina Office of the State Controller.

*Concentration of credit risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. For the ITF, 80% of the portfolio should be at least Investment Grade or higher as rated by the Nationally Recognized Statistical Rating Organization ("NRSRO"). No single credit/corporate issuer should constitute more than 20% of the portfolio, except for U.S. Treasuries which may constitute up to 100%. For the System Fund, diversification of credit risk is primarily achieved through asset allocation and augmented by investment mandates established with each external manager. There are no formal limits on the amount the System Fund may invest in any one issuer. However, the System Fund's Statement of Investment Objectives and Guidelines limits the amount that can be managed by an external manager to 10% of the System Fund. The Fund's investment in the System Fund represented 82.0% and 82.5% of its total investments at June 30, 2021 and 2020, respectively.

**Note 2. Deposits and Investments (continued)**

*Interest rate risk:* Interest rate risk is the risk the Fund may face should interest rate variances affect the fair value of investments. The Fund does not have a formal policy that addresses interest rate risk. As nominal interest rates rise, certain fixed income securities held directly or indirectly by the Fund may decline in value. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is useful primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (yield) movements. A wide variety of factors (central bank monetary policies, inflation rates, general economic conditions, etc.) can cause interest rates to rise. All of these factors, collectively or individually, could cause the Fund to decline in value.

The following tables present investments by type and investment subject to interest rate risk at June 30, 2021 and 2020:

	June 30, 2021	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt securities				
Collective investment funds	\$ 191,178,651	\$ 147,221,769	\$ 17,186,122	\$ 26,770,760
Debt mutual funds	234,462,112	-	199,754,300	34,707,812
Total debt securities	<u>425,640,763</u>	<u>\$ 147,221,769</u>	<u>\$ 216,940,422</u>	<u>\$ 61,478,572</u>
Other securities				
UNC Investment Fund	1,306,405,281			
Private assets	48,357,011			
Total other securities	<u>1,354,762,292</u>			
Total investments subject to interest rate risk	<u>\$ 1,780,403,055</u>			

	June 30, 2020	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt securities				
Collective investment funds	\$ 122,338,630	\$ 92,911,493	\$ 7,250,060	\$ 22,177,077
Debt mutual funds	188,133,889	-	188,133,889	-
Total debt securities	<u>310,472,519</u>	<u>\$ 92,911,493</u>	<u>\$ 195,383,949</u>	<u>\$ 22,177,077</u>
Other securities				
UNC Investment Fund	898,478,144			
Private assets	27,754,484			
Total other securities	<u>926,232,628</u>			
Total investments subject to interest rate risk	<u>\$ 1,236,705,147</u>			



**Note 2. Deposits and Investments (continued)**

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund does not have a formal policy that addresses foreign currency risk. The Fund invests indirectly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, and is subject to the risk that those currencies will decline in value relative to the base currency of the Fund. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the U.S. or abroad. As a result, the Fund's investments in foreign currency-denominated securities may reduce the Fund's returns.

Fair value measurements: To the extent available, the Fund's investments are recorded at fair value as of June 30, 2021 and 2020. 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 and may require a degree of professional judgment.  |

Fair value measurements for which the readily determinable fair market value was not available are reported using net asset value ("NAV").

**Note 2. Deposits and Investments (continued)**

At June 30, 2021 and 2020, the Fund measured its investments using fair value and net asset values as follows:

	June 30, 2021	Level 1	Level 2	Level 3
ST IF	\$ 48,074,708	\$ -	\$ 48,074,708	\$ -
Collective investment funds	191,178,651	191,178,651	-	-
Debt mutual funds	234,462,112	234,462,112	-	-
Total investments measured at fair value	<u>473,715,471</u>	<u>\$ 425,640,763</u>	<u>\$ 48,074,708</u>	<u>\$ -</u>
Total investments measured at NAV	<u>1,354,762,292</u>			
Total fund	<u>\$ 1,828,477,763</u>			
Investments measured at NAV:		Unfunded	Redemption frequency and	
	June 30, 2021	commitments	redemption notice period	
UNC Investment Fund	<u>\$ 1,306,405,281</u>	\$ -	Varies, see page 21 for details	
Private assets	<u>48,357,011</u>	<u>52,489,278</u>	Not eligible	
Total investments measured at NAV	<u>\$ 1,354,762,292</u>	<u>\$ 52,489,278</u>		
	June 30, 2020	Level 1	Level 2	Level 3
ST IF	\$ 40,691,236	\$ -	\$ 40,691,236	\$ -
Collective investment funds	122,338,630	122,338,630	-	-
Debt mutual funds	188,133,889	188,133,889	-	-
Total investments measured at fair value	<u>351,163,755</u>	<u>\$ 310,472,519</u>	<u>\$ 40,691,236</u>	<u>\$ -</u>
Total investments measured at NAV	<u>926,232,628</u>			
Total fund	<u>\$ 1,277,396,383</u>			
Investments measured at NAV:		Unfunded	Redemption frequency and	
	June 30, 2020	commitments	redemption notice period	
UNC Investment Fund	<u>\$ 898,478,144</u>	\$ -	Varies, see page 21 for details	
Private assets	<u>27,754,484</u>	<u>57,241,211</u>	Not eligible	
Total investments measured at NAV	<u>\$ 926,232,628</u>	<u>\$ 57,241,211</u>		



**Note 3. Donated Services**

The University has incurred various expenses on behalf of the Fund for the years ended June 30, 2021 and 2020 of approximately \$46,000 and \$97,000, respectively. These amounts have not been recorded in the accompanying financial statements.

**Note 4. Risk Management**

The Fund is exposed to various risks of loss related to torts, theft of assets and errors and omissions. The Fund's affairs are conducted by employees of North Carolina State University and exposures to loss resulting from this arrangement are handled by the University through a combination of methods, including participation in various risk pools administered by the State of North Carolina, purchase of commercial insurance and self-retention of certain risks. Additional details on the University's risk management program are disclosed in the financial report of the University located at [www.fis.ncsu.edu/controller/financial\\_reports](http://www.fis.ncsu.edu/controller/financial_reports). During fiscal years 2021 and 2020, the Fund purchased Directors and Officers Liability Insurance to insure those individuals serving on the Members Board, Board of Directors, and the officers who are employees of North Carolina State University acting on behalf of the Fund.

**Note 5. COVID-19**

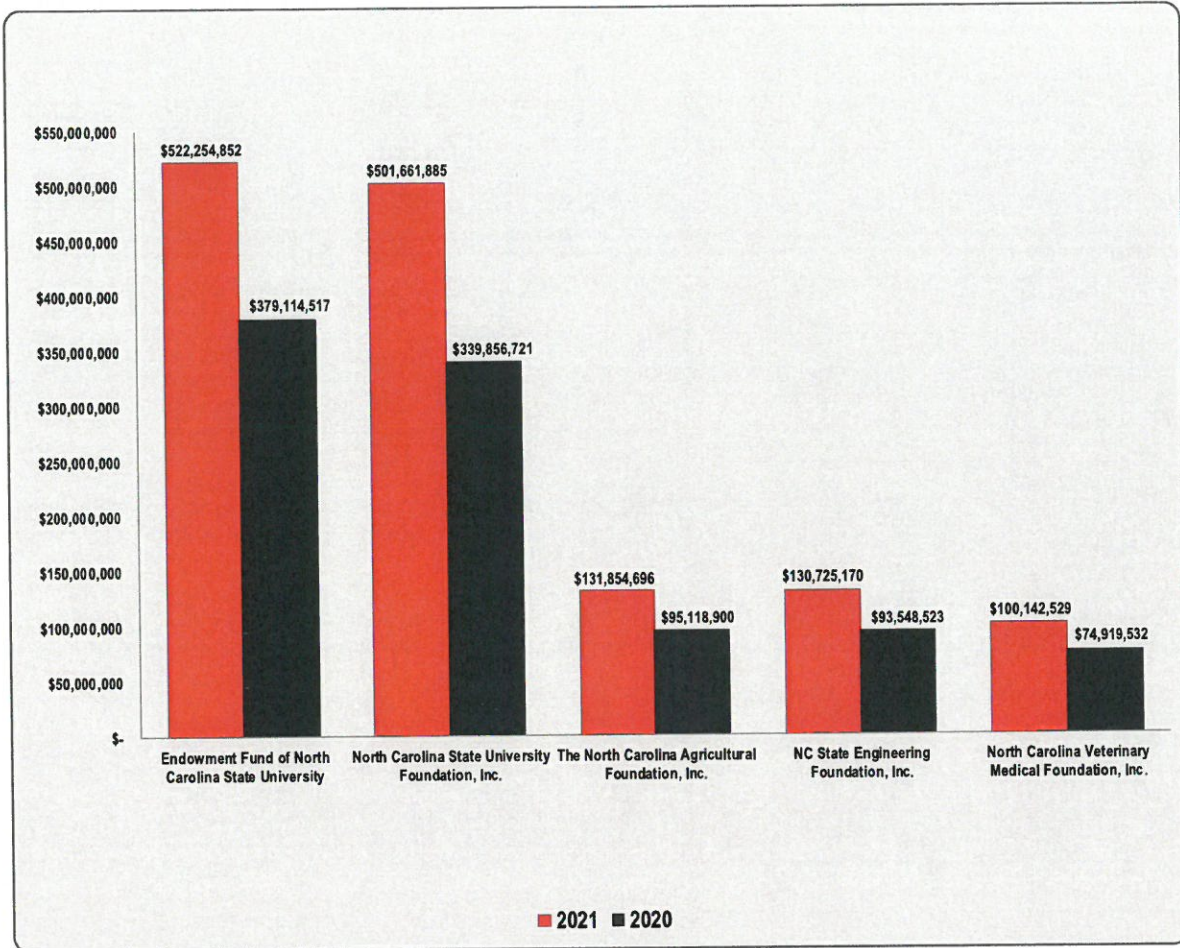
In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. The extent of COVID-19's effects on the Fund's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Fund's operations. However, the pandemic could have a material adverse effect on the Fund's results of operations, financial condition and cash flows.

**Note 6. Subsequent Events**

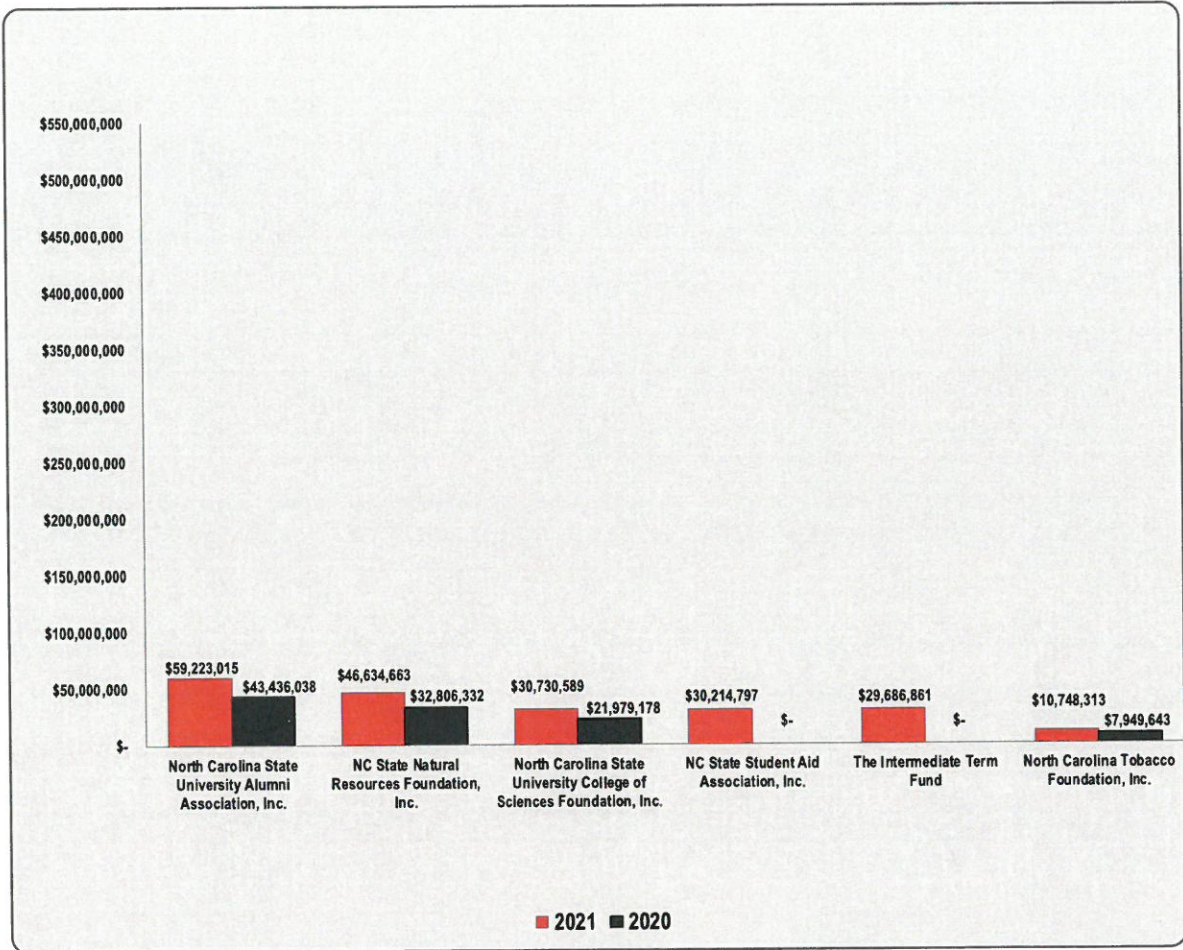
The Fund has evaluated subsequent events through October 12, 2021, the date which the financial statements were available to be issued, and there were no subsequent events to report.

## SUPPLEMENTARY INFORMATION

Participants' Net Position Graph - Long-Term Investment Pool (LTIP)







NC State Investment Fund, Inc.  
 Long-Term Investment Pool (LTIP)  
 Schedule of Changes in Net Position by Participant  
 Year Ended June 30, 2021

	Total	Endowment Fund of North Carolina State University	North Carolina State University Foundation, Inc.	The North Carolina Agricultural Foundation, Inc.	NC State Engineering Foundation, Inc.
<b>Additions</b>					
Participant additions	\$ 111,283,730	\$ 8,938,921	\$ 40,307,035	\$ 3,534,220	\$ 4,325,311
Investment income	725,698	244,523	223,885	61,443	60,561
Realized gain on investment transactions, net	27,967,376	9,199,114	8,762,297	2,319,865	2,302,474
Unrealized appreciation on investments, net	422,814,894	141,951,695	129,865,534	35,670,393	35,179,100
<b>Total Additions</b>	<b>562,791,698</b>	<b>160,334,253</b>	<b>179,158,751</b>	<b>41,585,921</b>	<b>41,867,446</b>
<b>Deductions</b>					
Participant withdrawals	51,717,324	17,202,430	15,532,970	4,349,710	4,197,495
Investment management fees	5,330,795	1,790,759	1,637,914	450,014	443,628
Investment custodial fees	94,728	31,483	29,505	7,921	7,842
Other expenses	500,865	169,246	153,198	42,480	41,834
<b>Total Deductions</b>	<b>57,643,712</b>	<b>19,193,918</b>	<b>17,353,587</b>	<b>4,850,125</b>	<b>4,690,799</b>
<b>Transfers Among Participants</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>505,147,986</b>	<b>143,140,335</b>	<b>161,805,164</b>	<b>36,735,796</b>	<b>37,176,647</b>
<b>Net Position</b>					
Beginning of year	1,088,729,384	379,114,517	339,856,721	95,118,900	93,548,523
End of year	<b>\$ 1,593,877,370</b>	<b>\$ 522,254,852</b>	<b>\$ 501,661,885</b>	<b>\$ 131,854,696</b>	<b>\$ 130,725,170</b>

North Carolina Veterinary Medical Foundation, Inc.	North Carolina State University Alumni Association, Inc.	NC State Natural Resources Foundation, Inc.	North Carolina State University College of Sciences Foundation, Inc.	Student Aid Association, Inc.	The Intermediate Term Fund	North Carolina Tobacco Foundation, Inc.
\$ 1,200,511	\$ 997,988	\$ 2,044,820	\$ 995,634	\$ 23,100,514	\$ 25,783,400	\$ 55,376
47,470	27,934	21,422	14,250	14,335	4,791	5,084
1,752,131	1,042,645	820,282	541,214	541,139	496,182	190,033
27,330,908	16,173,209	12,558,927	8,283,402	8,362,172	4,491,672	2,947,882
<u>30,331,020</u>	<u>18,241,776</u>	<u>15,445,451</u>	<u>9,834,500</u>	<u>32,018,160</u>	<u>30,776,045</u>	<u>3,198,375</u>
2,723,796	2,227,825	1,441,505	966,860	1,686,413	1,029,960	358,360
345,429	204,109	157,904	104,511	105,146	54,206	37,175
6,032	3,574	2,804	1,849	1,843	1,224	651
32,766	19,291	14,907	9,869	9,961	3,794	3,519
<u>3,108,023</u>	<u>2,454,799</u>	<u>1,617,120</u>	<u>1,083,089</u>	<u>1,803,363</u>	<u>1,089,184</u>	<u>399,705</u>
(2,000,000)	-	-	-	-	-	-
25,222,997	15,786,977	13,828,331	8,751,411	30,214,797	29,686,861	2,798,670
74,919,532	43,436,038	32,806,332	21,979,178	-	-	7,949,643
<u>\$ 100,142,529</u>	<u>\$ 59,223,015</u>	<u>\$ 46,634,663</u>	<u>\$ 30,730,589</u>	<u>\$ 30,214,797</u>	<u>\$ 29,686,861</u>	<u>\$ 10,748,313</u>

NC State Investment Fund, Inc.  
 Long-Term Investment Pool (LTIP)  
 Schedule of Changes in Net Position by Participant  
 Year Ended June 30, 2020

	Total	Endowment Fund of North Carolina State University	North Carolina State University Foundation, Inc.	The North Carolina Agricultural Foundation, Inc.	NC State Engineering Foundation, Inc.
<b>Additions</b>					
Participant additions	\$ 41,936,000	\$ 16,196,000	\$ 9,275,000	\$ 3,995,000	\$ 6,775,000
Investment income	950,295	330,734	298,634	82,827	79,665
Realized gain on investment transactions, net	22,822,269	7,967,630	7,162,759	1,991,244	1,920,303
Unrealized appreciation on investments, net	2,329,924	587,974	750,263	227,634	259,570
<b>Total Additions</b>	<b>68,038,488</b>	<b>25,082,338</b>	<b>17,486,656</b>	<b>6,296,705</b>	<b>9,034,538</b>
<b>Deductions</b>					
Participant withdrawals	47,063,049	16,460,527	14,857,380	4,127,215	3,861,015
Investment management fees	4,631,452	1,608,583	1,455,988	404,123	388,982
Investment custodial fees	129,151	44,905	40,544	11,272	10,886
Other expenses	921,452	320,118	289,869	80,287	77,247
<b>Total Deductions</b>	<b>52,745,104</b>	<b>18,434,133</b>	<b>16,643,781</b>	<b>4,622,897</b>	<b>4,338,130</b>
<b>Transfers Among Participants</b>	-	-	-	-	-
<b>Change in Net Position</b>	<b>15,293,384</b>	<b>6,648,205</b>	<b>842,875</b>	<b>1,673,808</b>	<b>4,696,408</b>
<b>Net Position</b>					
Beginning of year	1,073,436,000	372,466,312	339,013,846	93,445,092	88,852,115
End of year	\$ 1,088,729,384	\$ 379,114,517	\$ 339,856,721	\$ 95,118,900	\$ 93,548,523



North Carolina Veterinary Medical Foundation, Inc.	North Carolina State University Alumni Association, Inc.	NC State Natural Resources Foundation, Inc.	North Carolina State University College of Sciences Foundation, Inc.	North Carolina Tobacco Foundation, Inc.
\$ 2,180,000	\$ 1,060,000	\$ 715,000	\$ 1,430,000	\$ 310,000
65,312	38,252	29,107	18,968	6,796
1,549,858	911,556	696,984	460,358	161,577
249,987	120,806	74,480	30,002	29,208
<u>4,045,157</u>	<u>2,130,614</u>	<u>1,515,571</u>	<u>1,939,328</u>	<u>507,581</u>
2,779,797	2,087,730	1,641,010	913,965	334,410
319,632	186,654	141,897	92,304	33,289
8,898	5,195	3,944	2,579	928
63,531	37,189	28,262	18,347	6,602
<u>3,171,858</u>	<u>2,316,768</u>	<u>1,815,113</u>	<u>1,027,195</u>	<u>375,229</u>
-	-	-	-	-
873,299	(186,154)	(299,542)	912,133	132,352
74,046,233	43,622,192	33,105,874	21,067,045	7,817,291
<u>\$ 74,919,532</u>	<u>\$ 43,436,038</u>	<u>\$ 32,806,332</u>	<u>\$ 21,979,178</u>	<u>\$ 7,949,643</u>



NC State Investment Fund, Inc.  
Intermediate Term Fund (ITF)  
Schedule of Changes in Net Position by Participant  
Year Ended June 30, 2021

	Total	North Carolina State University	The North Carolina Agricultural Foundation, Inc.	North Carolina State University Foundation, Inc.
<b>Additions</b>				
Participant additions	\$ 68,000,000	\$ 40,000,000	\$ 6,500,000	\$ 7,000,000
Investment income	5,648,082	4,699,090	407,470	177,177
Realized gain on investment transactions, net	506,266	405,580	38,061	20,458
Unrealized appreciation on investments, net	6,193,561	5,152,459	446,651	194,492
<b>Total Additions</b>	<b>80,347,909</b>	<b>50,257,129</b>	<b>7,392,182</b>	<b>7,392,127</b>
<b>Deductions</b>				
Participant withdrawals	4,475,082	4,074,549	209,465	62,748
Investment management fees	193,556	152,628	16,191	8,085
Investment custodial fees	22,277	20,897	521	280
Other expenses	36,739	33,165	1,852	566
<b>Total Deductions</b>	<b>4,727,654</b>	<b>4,281,239</b>	<b>228,029</b>	<b>71,679</b>
<b>Change in Net Position</b>	<b>75,620,255</b>	<b>45,975,890</b>	<b>7,164,153</b>	<b>7,320,448</b>
<b>Net Position</b>				
Beginning of year	188,666,999	165,552,142	12,779,515	3,399,359
End of year	\$ 264,287,254	\$ 211,528,032	\$ 19,943,668	\$ 10,719,807

**Note:** The above schedule includes the activity associated with the investment in the LTIP. Eliminations were made to remove duplication of activity on the face of the financial statements. All expense associated with the LTIP are considered investment management fees for ITF activity purposes. See The Intermediate Term Fund on page 28 for amounts.

	NC State Engineering Foundation, Inc.	North Carolina Veterinary Medical Foundation, Inc.	North Carolina State University College of Sciences Foundation, Inc.	North Carolina Tobacco Foundation, Inc.	NC State Natural Resources Foundation, Inc.	North Carolina State University Alumni Association, Inc.
\$	4,000,000	\$ 5,000,000	\$ 2,500,000	\$ 850,000	\$ 2,000,000	\$ 150,000
	160,207	79,572	42,430	44,749	26,101	11,286
	16,317	10,926	5,670	4,307	3,921	1,026
	175,709	87,472	46,631	49,061	28,717	12,369
	4,352,233	5,177,970	2,594,731	948,117	2,058,739	174,681
	72,552	15,580	9,435	22,079	2,668	6,006
	6,727	4,096	2,142	1,812	1,434	441
	224	150	78	59	54	14
	645	148	88	196	27	52
	80,148	19,974	11,743	24,146	4,183	6,513
	4,272,085	5,157,996	2,582,988	923,971	2,054,556	168,168
	4,277,970	567,161	388,292	1,333,070	-	369,490
\$	8,550,055	\$ 5,725,157	\$ 2,971,280	\$ 2,257,041	\$ 2,054,556	\$ 537,658

NC State Investment Fund, Inc.  
Intermediate Term Fund (ITF)  
Schedule of Changes in Net Position by Participant  
Year Ended June 30, 2020

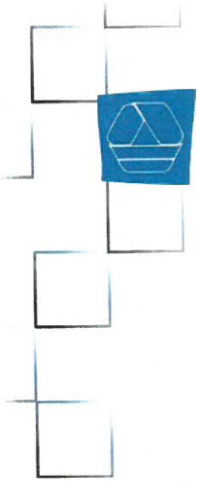
	Total	North Carolina State University	The North Carolina Agricultural Foundation, Inc.	NC State Engineering Foundation, Inc.
<b>Additions</b>				
Investment income	\$ 6,680,393	\$ 5,861,933	\$ 452,502	\$ 151,476
Realized gain on investment transactions, net	128,414	112,682	8,698	2,912
Unrealized appreciation on investments, net	199,123	174,727	13,489	4,513
<b>Total Additions</b>	<b>7,007,930</b>	<b>6,149,342</b>	<b>474,689</b>	<b>158,901</b>
<b>Deductions</b>				
Participant withdrawals	6,643,897	5,829,908	450,030	150,648
Investment management fees	134,260	117,811	9,094	3,044
Investment custodial fees	35,476	31,130	2,403	804
Other expenses	48,657	42,696	3,296	1,103
<b>Total Deductions</b>	<b>6,862,290</b>	<b>6,021,545</b>	<b>464,823</b>	<b>155,599</b>
<b>Change in Net Position</b>	<b>145,640</b>	<b>127,797</b>	<b>9,866</b>	<b>3,302</b>
<b>Net Position</b>				
Beginning of year	188,521,359	165,424,345	12,769,649	4,274,668
End of year	\$ 188,666,999	\$ 165,552,142	\$ 12,779,515	\$ 4,277,970

North Carolina State University Foundation, Inc.	North Carolina Tobacco Foundation, Inc.	North Carolina Veterinary Medical Foundation, Inc.	North Carolina State University College of Sciences Foundation, Inc.	North Carolina State University Alumni Association, Inc.
\$ 120,366	\$ 47,202	\$ 20,082	\$ 13,749	\$ 13,083
2,314	907	386	264	251
3,587	1,408	600	409	390
<u>126,267</u>	<u>49,517</u>	<u>21,068</u>	<u>14,422</u>	<u>13,724</u>
119,708	46,944	19,973	13,674	13,012
2,419	949	404	276	263
639	251	107	73	69
877	344	146	100	95
<u>123,643</u>	<u>48,488</u>	<u>20,630</u>	<u>14,123</u>	<u>13,439</u>
2,624	1,029	438	299	285
3,396,735	1,332,041	566,723	387,993	369,205
<u>\$ 3,399,359</u>	<u>\$ 1,333,070</u>	<u>\$ 567,161</u>	<u>\$ 388,292</u>	<u>\$ 369,490</u>

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## INTERNAL CONTROL AND COMPLIANCE MATTERS





Williams Overman Pierce, LLP  
CPAs • Advisors

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
NC State Investment Fund, Inc.  
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NC State Investment Fund, Inc. (the "Fund") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Wilmington, NC 28403  
910.509.0803



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Williams Dverman Pierce, LLP*

Greensboro, North Carolina  
October 12, 2021



# NACUBO-TIAA 2021 Study of Endowments

## Survey Results



# 2021 NACUBO-TIAA Study of Endowments Results

## Comparison of Performance

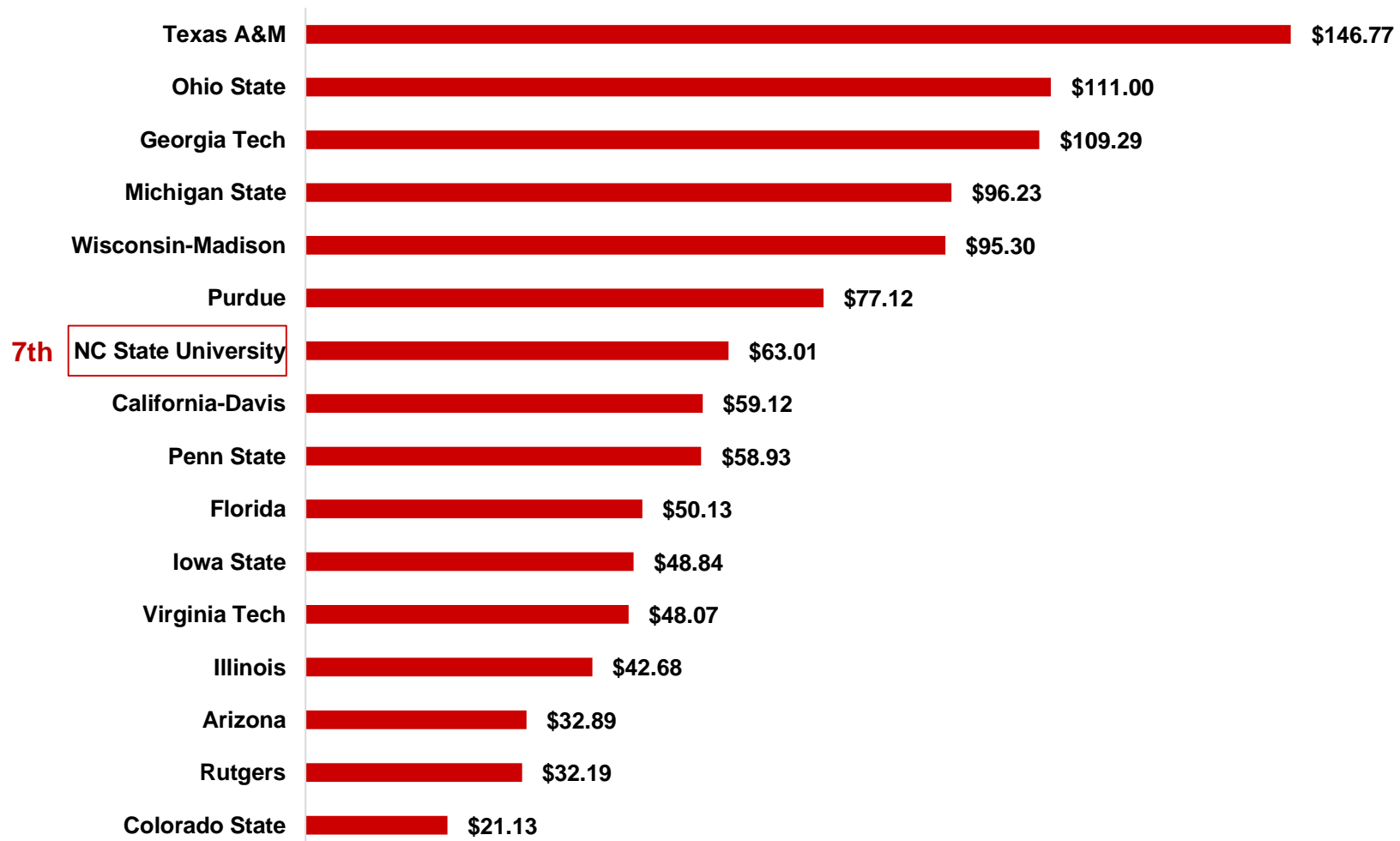
Average Annual Rates of Return for the Periods Ended June 30, 2021

Respondents	One Year	Five Year	Ten Year
NC State University & Foundations <i>(combined response)</i>	38.2%	13.6%	10.3%
NC State Investment Fund, Inc.	39.3%	13.8%	10.5%
Endowments greater than \$1.0 billion	37.3%	13.0%	9.4%
Public Institution Endowments	30.3%	11.2%	8.3%

NC State University and Foundations ranked **73** out of 734 respondents with a combined market value of \$1.95 billion.

# 2021 NACUBO-TIAA Study of Endowments Results

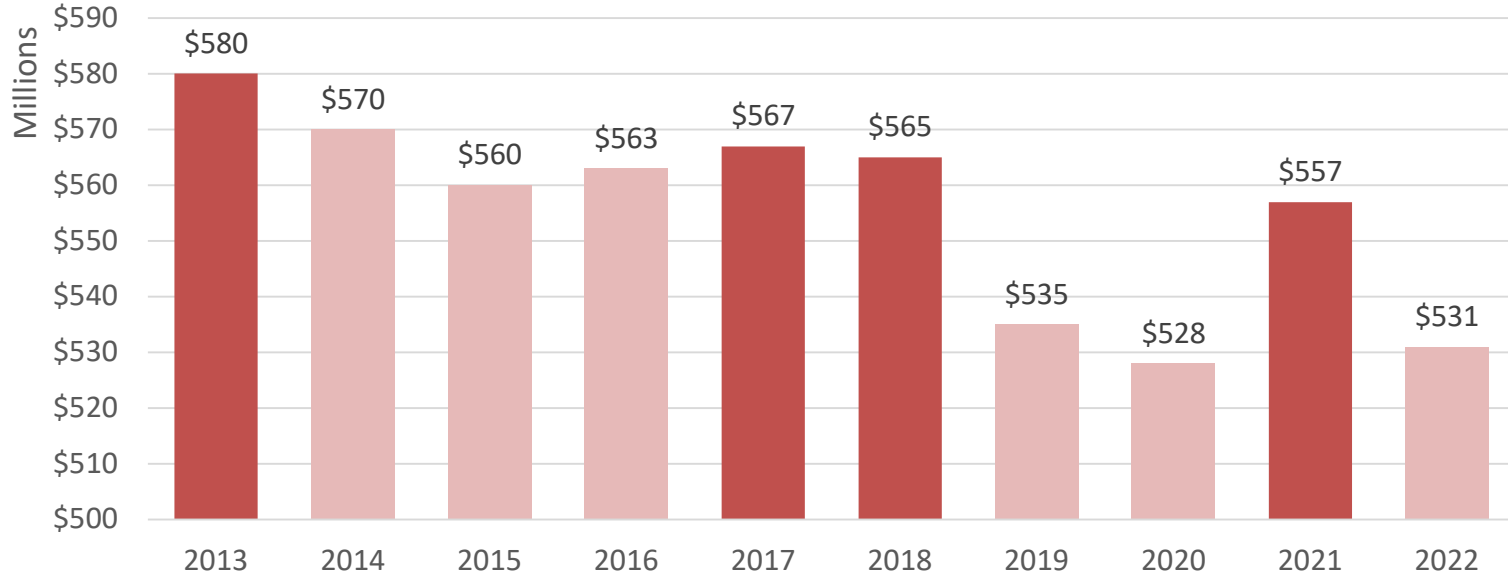
## Peer Comparison - Market Value per Student FTE (in 000s)



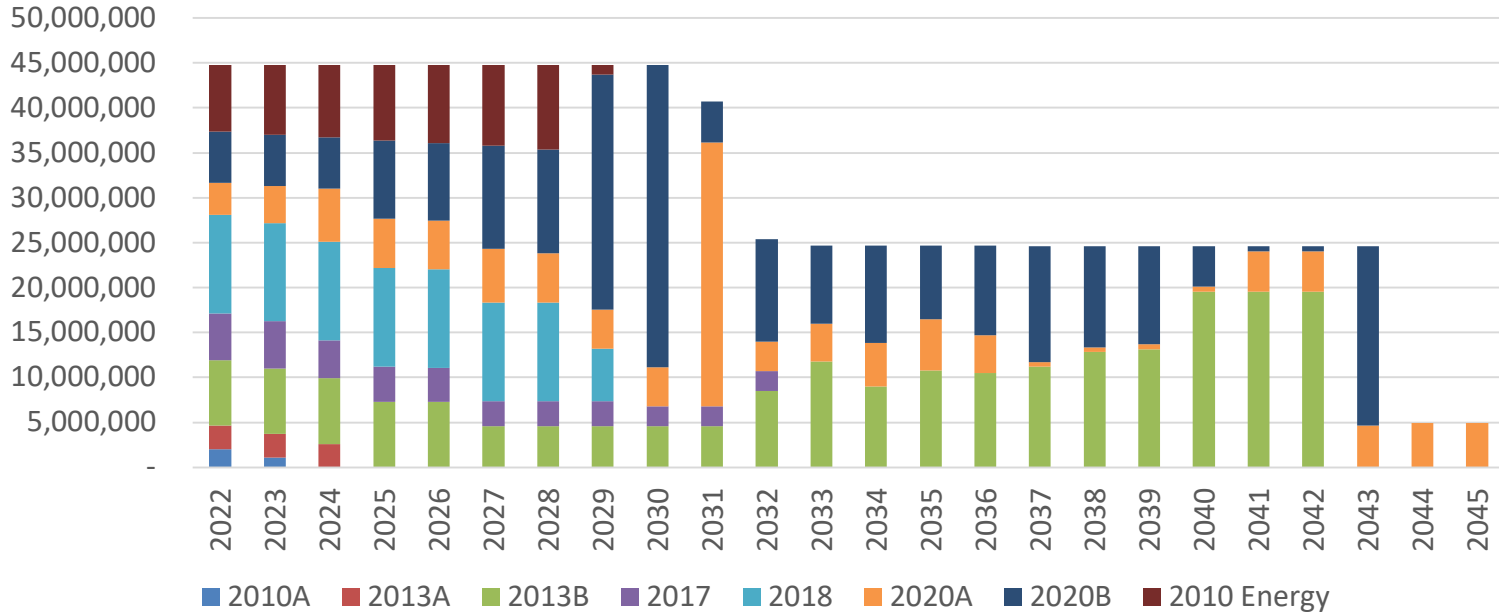
# University Debt Update

Lori Johnson  
University Controller  
April 21, 2022

# Debt Outstanding 10 year history

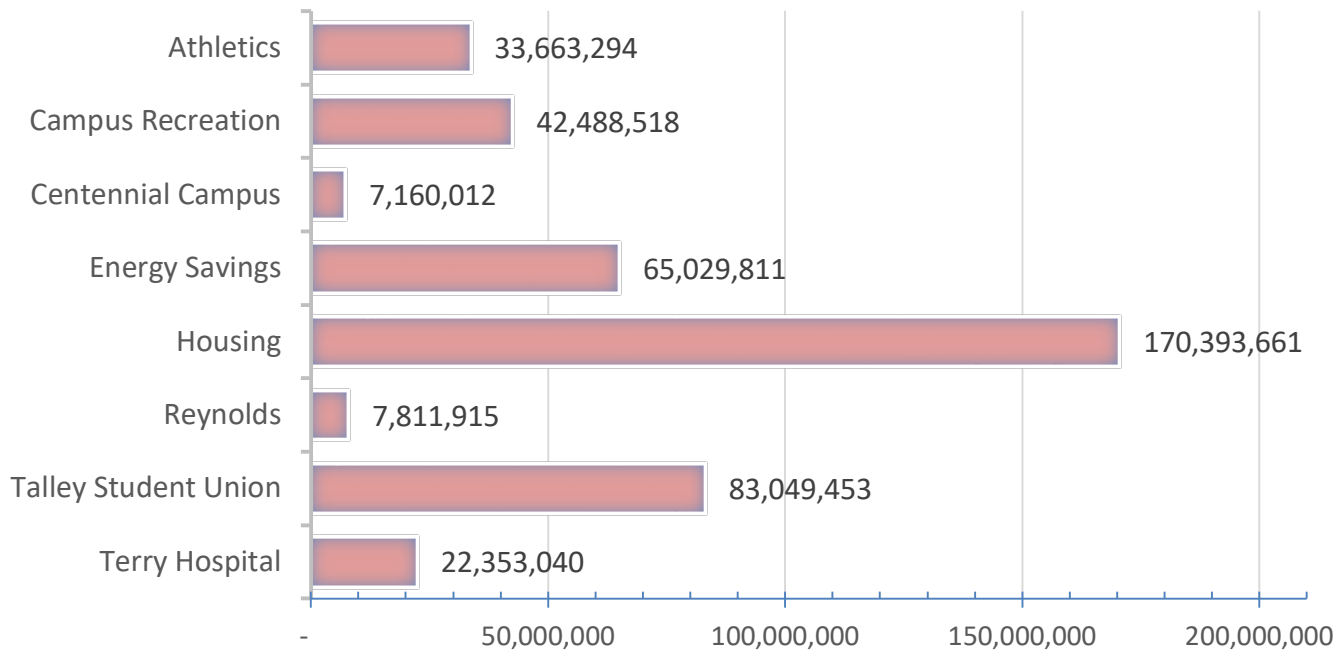


# Annual Scheduled Debt Service





# Debt Outstanding by Purpose June 30, 2022



# Financing Timeline

- Preparing to Borrow
  - Project must be approved through the Self-Liquidating annual process
    - Campus
    - Board of Governors
    - Legislature
  - Special Obligation Resolution
    - Board of Trustees
    - Board of Governors
- Issuing Debt
  - Coordinate with System Office
  - Select structure options
  - Select issuance team
  - Draft documents
  - Rating Agency Review
  - Underwriter Due Diligence
  - Sale and Closing
- After-Issuance Compliance

# UNC System Debt Study

- Required under Article 5 of Chapter 116D – North Carolina General Statutes.
- Produced annually by UNC System Office with input from campuses and presented to the Board of Governors.
- Attempts to quantify debt capacity for each institution. This is a general indication only. It does not include all factors considered by the rating agencies when reviewing our credit.

# Questions?



# The University of North Carolina System Debt Capacity Study – Fiscal Year 2021

North Carolina State University  
Institution Report

# Table of Contents

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1. Executive Summary	3
2. Institution Data	4
3. Proposed Debt Financings	5
4. Financial Ratios	6
5. Debt Capacity Calculation	9
6. Debt Profile	11
7. Credit Profile	13
8. Peer Comparison	15
9. Debt Management Policies	16

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# 1. Executive Summary

## Overview of the Institution Report

Pursuant to Article 5 of Chapter 116D of the North Carolina General Statutes (the “*Act*”), North Carolina State University (“*NC State*”) has submitted this report (this “*Institution Report*”) as part of the annual debt capacity study (the “*Study*”) undertaken by The University of North Carolina (the “*University*”) in accordance with the Act. Each capitalized term used but not defined in this Institution Report has the meaning given to such term in the Study.

This Institution Report details the historical and projected financial information incorporated into the financial model developed in connection with the Study. NC State has used the model to calculate and project the following three financial ratios:

- Debt to Obligated Resources
- Five-Year Payout Ratio
- Debt Service to Operating Expenses

See **Appendix A** to the Study for more information on the ratios and related definitions.

To produce a tailored, meaningful model, NC State, in consultation with the UNC System Office, has set its own policies for each model ratio. For the two statutorily-required ratios—**debt to obligated resources** and the **five-year payout ratio**—NC State has set both a target policy and a floor or ceiling policy, as applicable.

For the purposes of the Study, NC State’s debt capacity reflects the amount of debt NC State could issue during the Study Period without exceeding its ceiling ratio for **debt to obligated resources**, after taking into account debt the General Assembly has previously approved that NC State intends to issue during the Study Period. Details regarding each approved project are provided in Section 3.

This Institution Report also includes the following information required by the Act:

- NC State’s current debt profile, including project descriptions financed with, and the sources of repayment for, NC State’s outstanding debt;
- NC State’s current credit profile, along with recommendations for maintaining or improving NC State’s credit rating; and
- A copy of any NC State debt management policy currently in effect.

## Overview of NC State

For the fall 2021 semester, NC State had a headcount student population of approximately 36,831, including 26,505 undergraduate students and 10,326 graduate students. Over the past 5 years, NC State’s enrollment has increased approximately 7%.

NC State’s average age of plant is 11.66 year. Age of plant is a financial ratio calculated by dividing the accumulated depreciation by the annual depreciation expense. A low age of plant generally indicates the institution is taking a sustainable approach to its deferred maintenance and reinvestment programs.

NC State does not anticipate incurring any additional debt during the Study Period. NC State has made no changes to the financial model’s standard growth assumptions.

## 2. Institution Data

### Notes

- Obligated Resources equals Available Funds plus an adjustment for any noncash charge relating to the implementation of GASB 68 and GASB 75.
- Operating Expenses equals Operating Expenses plus an adjustment for any noncash charge relating to the implementation of GASB 68 and GASB 75.
- Outstanding debt service is based on NC State's outstanding debt **as of June 30, 2021**, excluding state appropriated debt (such as energy savings contracts). Debt service is net of any interest subsidies owed to NC State by the federal government (discounted by an assumed 6.2% sequestration rate) and uses reasonable unhedged variable rate assumptions.
- New money debt issued **after June 30, 2021**, together with any legislatively approved debt NC State expects to issue during the Study Period, **are included** in the model as "proposed debt service" and are taken into account in the projected financial ratios shown in this Institution Report.
- Repayments, redemptions or refundings that have occurred **after June 30, 2021** are not included in the model, meaning the debt service schedules reflected below may overstate NC State's current debt burden.

Obligated Resources					Outstanding Debt					
Fiscal Year	Available Funds	GASB 68	GASB 75	AF Growth	Available Funds	Fiscal Year	Principal	Net Interest	Debt Service	Principal Balance
	(Before GASB Adjustment)				(After GASB Adjustment)					
2017	715,431,524	72,917,024	-		788,348,548	2022	20,763,612	16,582,012	37,345,624	484,053,898
2018	(953,664,116)	86,679,123	1,677,153,656	2.77%	810,168,663	2023	21,173,840	15,802,923	36,976,763	462,880,058
2019	(947,107,122)	96,731,363	1,614,131,687	-5.73%	763,755,928	2024	21,719,012	14,985,124	36,704,136	441,161,046
2020	(888,254,099)	136,018,504	1,542,143,008	3.42%	789,907,413	2025	22,204,944	14,170,445	36,375,389	418,956,102
2021	(968,261,574)	166,579,062	1,451,920,631	-17.68%	650,238,119	2026	22,728,417	13,381,999	36,110,416	396,227,685
2022	667,924,596	-	-	2.72%	667,924,596	2027	23,222,845	12,572,465	35,795,310	373,004,840
2023	686,092,145	-	-	2.72%	686,092,145	2028	23,597,608	11,746,660	35,344,268	349,407,232
2024	704,753,851	-	-	2.72%	704,753,851	2029	32,754,065	10,924,241	43,678,306	316,653,167
2025	723,923,156	-	-	2.72%	723,923,156	2030	34,559,176	10,183,694	44,742,870	282,093,991
2026	743,613,866	-	-	2.72%	743,613,866	2031	31,603,912	9,115,202	40,719,114	250,490,079
						2032	17,250,079	8,134,243	25,384,322	233,240,000
						2033	17,055,000	7,595,617	24,650,617	216,185,000
						2034	17,625,000	7,019,124	24,644,124	198,560,000
						2035	18,245,000	6,398,278	24,643,278	180,315,000
						2036	18,905,000	5,739,617	24,644,617	161,410,000
						2037	19,530,000	5,103,373	24,633,373	141,880,000
						2038	20,165,000	4,459,168	24,624,168	121,715,000
						2039	20,840,000	3,778,897	24,618,897	100,875,000
						2040	21,585,000	3,026,755	24,611,755	79,290,000
						2041	22,405,000	2,205,799	24,610,799	56,885,000
						2042	23,255,000	1,357,761	24,612,761	33,630,000
						2043	24,025,000	576,884	24,601,884	9,605,000
						2044	4,745,000	171,772	4,916,772	4,860,000
						2045	4,860,000	57,713	4,917,713	-

Operating Expenses					
Fiscal Year	Operating Exp.	GASB 68	GASB 75	Growth	Operating Exp.
2017	1,494,274,269	(8,085,244)	-		1,486,189,025
2018	1,531,778,945	(14,037,421)	11,899,327	2.92%	1,529,640,851
2019	1,556,533,507	(10,354,015)	18,686,599	2.30%	1,564,866,091
2020	1,600,435,802	(40,591,263)	22,269,252	1.10%	1,582,113,791
2021	1,536,955,408	(30,015,009)	11,589,067	-4.02%	1,518,529,466
2022	1,559,833,467	-	-	2.72%	1,559,833,467
2023	1,602,260,938	-	-	2.72%	1,602,260,938
2024	1,645,842,435	-	-	2.72%	1,645,842,435
2025	1,690,609,350	-	-	2.72%	1,690,609,350
2026	1,736,593,924	-	-	2.72%	1,736,593,924

### 3. Proposed Debt Financings

While NCSU evaluates its capital investment needs on a regular basis, NCSU currently has no legislatively approved projects that it anticipates financing during the Study Period.

## 4. Financial Ratios

### Debt to Obligated Resources

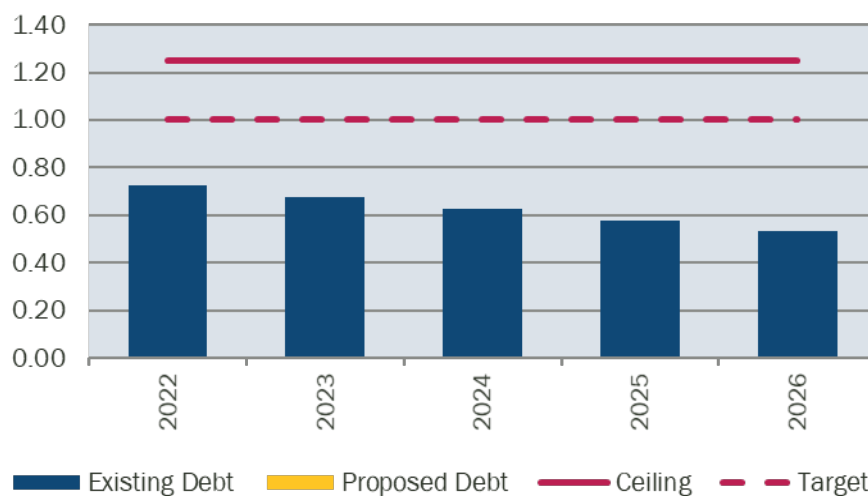
- **What does it measure?** NC State’s aggregate outstanding debt as compared to its obligated resources—the funds legally available to service its debt.
- **How is it calculated?** Aggregate debt divided by obligated resources\*
- Target Ratio: 1.00
- Ceiling Ratio: Not to exceed 1.25
- Projected 2022 Ratio: 0.72
- Highest Study Period Ratio: 0.72 (2022)

\*Available Funds, which is the concept commonly used to capture an institution’s obligated resources in its loan and bond documentation, has been used in the model as a proxy for obligated resources. For most institutions, the two concepts are identical, though Available Funds may include additional deductions for certain specifically pledged revenues, making it a conservative measure of an institution’s obligated resources.

### Debt to Obligated Resources

Debt to Obligated Resources							
Fiscal Year	Obligated Resources	Growth	Existing Debt	Proposed Debt	Ratio - Existing	Ratio - Proposed	Ratio - Total
2022	667,924,596	2.72%	484,053,898	-	0.72	n/a	0.72
2023	686,092,145	2.72%	462,880,058	-	0.67	n/a	0.67
2024	704,753,851	2.72%	441,161,046	-	0.63	n/a	0.63
2025	723,923,156	2.72%	418,956,102	-	0.58	n/a	0.58
2026	743,613,866	2.72%	396,227,685	-	0.53	n/a	0.53

### Debt to Obligated Resources



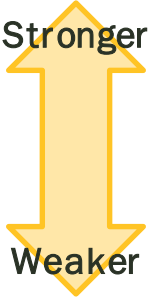
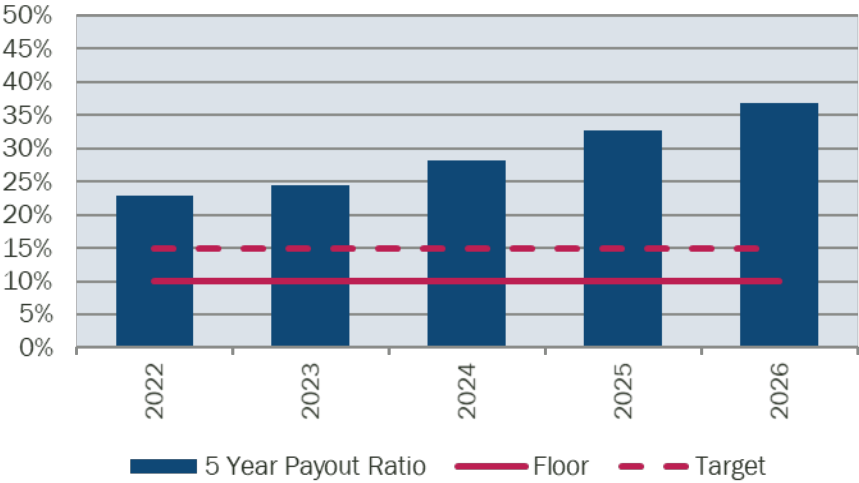
### 5-Year Payout Ratio Overview

- **What does it measure?** The percentage of NC State’s debt scheduled to be retired in the next five years.
- **How is it calculated?** Aggregate principal to be paid in the next five years divided by aggregate debt
- Target Ratio: 15%
- Floor Ratio: Not less than 10%
- Projected 2022 Ratio: 23%
- Lowest Study Period Ratio: 23% (2022)

### 5-Year Payout Ratio

5 Year Payout Ratio		
Fiscal Year	Principal Balance	Ratio
2022	484,053,898	23%
2023	462,880,058	25%
2024	441,161,046	28%
2025	418,956,102	33%
2026	396,227,685	37%

### 5-Year Payout Ratio



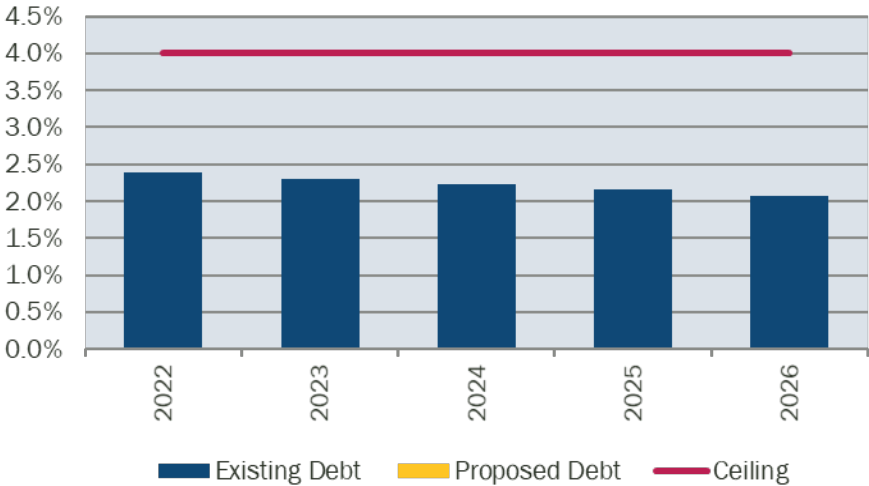
### Debt Service to Operating Expenses

- **What does it measure?** NC State’s debt service burden as a percentage of its total expenses, which is used as the denominator because it is typically more stable than revenues.
  - **How is it calculated?** Annual debt service divided by annual operating expenses (as adjusted to include interest expense of proposed debt)
- Policy Ratio: Not to exceed 4.00%
  - Projected 2022 Ratio: 2.39%
  - Highest Study Period Ratio: 2.39% (2022)

### Debt Service to Operating Expenses

Debt Service to Operating Expenses							
Fiscal Year	Operating Expenses	Growth	Existing Debt Service	Proposed Debt Service	Ratio - Existing	Ratio - Proposed	Ratio - Total
2022	1,559,833,467	2.72%	37,345,624	-	2.39%	n/a	2.39%
2023	1,602,260,938	2.72%	36,976,763	-	2.31%	n/a	2.31%
2024	1,645,842,435	2.72%	36,704,136	-	2.23%	n/a	2.23%
2025	1,690,609,350	2.72%	36,375,389	-	2.15%	n/a	2.15%
2026	1,736,593,924	2.72%	36,110,416	-	2.08%	n/a	2.08%

### Debt Service to Operating Expenses





## 5. Debt Capacity Calculation

### Debt Capacity Calculation

- For the purposes of this Institution Report and the Study, NC State’s debt capacity is based on the amount of debt NC State could issue during the Study Period (after taking into account any legislatively approved projects detailed in **Section 3** above) without exceeding its ceiling ratio for **debt to obligated resources**.
- As presented below, NC State’s current debt capacity equals **the lowest constraint on its debt capacity** in any single year during the Study Period.
- Based solely on the **debt to obligated resources** ratio, NC State’s current estimated debt capacity is **\$350,851,847**. After taking into account any legislatively approved projects detailed in **Section 3** above, if NC State issued no additional debt until the last year of the Study Period, then NC State’s debt capacity for 2026 is projected to increase to **\$533,289,647**.

Debt Capacity Calculation			
Fiscal Year	Debt to Obligated Resources	Debt to Obligated Resources	Debt Capacity Calculation
	(Current Ratio)	(Ceiling)	
2022	0.72	1.25	350,851,847
2023	0.67	1.25	394,735,123
2024	0.63	1.25	439,781,268
2025	0.58	1.25	485,947,843
2026	0.53	1.25	533,289,647

### Limitations on Debt Capacity and Credit Rating Implications

- The debt capacity calculation shown above provides a general indication of NC State’s ability to absorb debt on its balance sheet during the Study Period and may help identify trends and issues over time.
- **“Debt capacity” does not** necessarily equate to **“debt affordability,”** which takes into account a number of quantitative and qualitative factors, including project revenues and expenses, cost of funds and competing strategic priorities.
- **If NC State were to use all of its calculated debt capacity during the Study Period, NC State’s credit ratings may face significant downward pressure.**
- Projecting the exact amount NC State could issue during the Study Period without negatively impacting its credit rating is difficult for a number of reasons.
  - **Use of Multiple Factors**
    - Any single financial ratio makes up only a fraction of the “scorecard” used by rating agencies to guide their credit analysis.
    - Under Moody’s approach, for example, the **financial leverage ratio** accounts for only **10%** of an issuer’s overall score.
  - **The State’s Impact**
    - In assessing each institution’s credit rating, rating agencies also consider the State’s credit rating and demographic trends, the health of its pension system, the level of support it has

- historically provided to the institution, and any legislation or policies affecting campus operations.
- Historically, each institution’s credit rating has been bolstered by the State’s strong support and overall financial health. As a result, many institutions “underperform” relative to the national median ratios for their rating category.
  - If “debt capacity” were linked to those national median ratios, many institutions would have limited debt capacity for an extended period of time.
- **Factor Interdependence**
    - The quantitative and qualitative factors interact with one another in ways that are difficult to predict.
    - For example, a university’s “**strategic positioning**” score, which accounts for 10% of its overall score under Moody’s criteria, could deteriorate if a university either (1) issued excessive debt or (2) failed to reinvest in its campus to address its deferred maintenance obligations.
  - **Distortions Across Rating Categories**
    - Because quantitative ratios account for only a portion of an issuer’s final rating, the national median for any single ratio is not perfectly correlated to rating outcomes, meaning the median ratio for a lower rating category may be more stringent than the median ratio for a higher rating category. For the highest and lowest rating categories, the correlation between any single ratio and rating outcomes becomes even weaker.
    - Tying capacity directly to ratings may also distort strategic objectives. For example, an institution may be penalized for improving its rating, as it may suddenly lose all of its debt capacity because it must now comply with a much more stringent ratio.

## 6. Debt Profile

NC State's detailed debt profile, including a brief description of each financed project and the source of repayment for each outstanding debt obligation, is reflected in the table on the following page.

Summary of Debt Outstanding as of FYE June 30, 2021						
Series	Dated Date	Outstanding Par Amount	Final Maturity	Type	Purpose	Source of Repayment
<b>NORTH CAROLINA STATE UNIVERSITY</b>		<b>504,817,510.00</b>				
2010 A NCSU	04/28/2010	3,030,000.00	10/01/2022	General Revenue	Student Health Center, West Lot Parking Deck, Carmichael Gym, Terry Veterinary Hospital, Dining and Athletic Facilities	Centennial Campus Revenues; Gifts; Student Fees; Transportation Revenues; Dining Revenues
2013 A NCSU	03/06/2013	7,315,000.00	10/01/2023	General Revenue	Centennial Campus Housing Complex	Housing Revenues
2013 B NCSU	03/06/2013	127,395,000.00	10/01/2041	General Revenue	Talley Student Center	Dining Revenues; Bookstore Revenues
2017 NCSU	03/14/2017	33,417,510.00	10/01/2031	General Revenue	Construction Project	Energy Savings; Student Fees; Gifts
2018 NCSU	06/28/2018	68,755,000.00	10/01/2028	General Revenue	Refunding 2003B and 2015	Housing Revenues; Athletics Revenues; Centennial Campus Revenues; Student Fees
2020 A NCSU	07/07/2020	82,335,000.00	10/01/2044	General Revenue	Refunding 2010B and 2013A	Student Fees; Gifts; Transportation Revenues; Dining Revenues
2020 B NCSU	07/07/2020	182,570,000.00	10/01/2042	General Revenue	Refunding 2010B and 2013A	Gifts; Housing Revenues

## 7. Credit Profile

The following page provides a snapshot of NC State's current credit ratings, along with (1) a summary of various credit factors identified in NC State's most recent rating report and (2) recommendations for maintaining and improving NC State's credit ratings in the future.



## Credit Profile of the University– (General Revenue)

### Overview

- Moody’s maintains a Aa1 rating on NC State’s general revenue bonds. The outlook is stable.
- Standard and Poor’s maintains a AA rating on NC State’s general revenue bonds. The outlook is stable

Moody’s	S&P	Fitch
Aaa	AAA	AAA
<b>Aa1</b>	AA+	AA+
Aa2	<b>AA</b>	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-

Non Investment Grade

### Key Information Noted in Rating Reports

#### Credit Strengths

- Excellent student market position as land-grant university with diverse degree programs
- Solid support from Aaa -rated state for operations and capital
- Sizeable and growing financial reserves provide a resource cushion
- Federal aid from the CARES Act provided support to offset student refunds and other expenses
- Strong philanthropic support
- Manageable financial leverage
- Good financial management as evidenced by a history of strong operating performance

#### Credit Challenges

- Ongoing capital needs will lead to increased debt over time
- Political limits on pricing power for in - state undergraduate students restrain prospects for revenue growth
- Lower total gift revenue relative to similarly rated peers.
- Economic recovery could be challenged if COVID-related risks accelerate in the future

### Recommendations & Observations

- NC State sees strategic value in maintaining its current rating levels.
- NC State will continue to seek strategies to limit new debt in the near term while addressing the critical infrastructure needs of a growing campus, in accordance with NC State’s existing debt policy and in service of NC State’s other strategic initiatives.
- Ongoing fundraising program will further strengthen NCSU’s financial reserves and debt affordability related to future capital funding.



## 8. Peer Comparison

Moody's Key Credit Ratios	North Carolina State University	Most Recent Peer Institution Data				Moody's Public Higher Education Medians
Peer Institution	2020	Michigan State University	Virginia Tech University	University of Arizona	Georgia Institute of Technology	
Fiscal Year		2021	2020	2021	2020	
Most Senior Rating	Aa1	Aa2	Aa1	Aa2	Aa3	
Total Long-Term Debt (\$, in millions)	538	1734	742	1668	987	637
Total Cash & Investments (\$, in millions)	2289	5212	1904	2343	2553	1607
Operating Revenue (\$, in millions)	1614	2475	1606	2133	1925	1236
Operating Expenses (\$, in millions)	1579	2410	1538	2074	1860	1202
<b>Market Performance Ratios</b>						
Annual Change in Operating Revenue (%)	-1.5%	-2.0%	5.4%	1.6%	3.5%	1.9%
<b>Operating Ratios</b>						
Operating Cash Flow Margin (%)	10.1%	13.4%	12.0%	12.2%	10.3%	11.5%
<b>Wealth &amp; Liquidity Ratios</b>						
Total Cash & Investments to Operating Expenses (x)	1.4	2.2	1.2	1.1	1.4	1.1
Total Debt to Operating Expenses (x)	0.3	0.7	0.5	0.8	0.5	0.5
Monthly Days Cash on Hand (x)	207	252	114	169	79	169
<b>Leverage Ratios</b>						
Total Cash & Investments to Total Debt (x)	4.3	3.0	1.0	0.6	0.9	2.3
Debt Service to Operating Expenses (%)	2.4%	5.2%	3.8%	6.4%	5.0%	4.0%
Total Debt-to-Cash Flow (x)	3.3	3.0	2.6	1.4	2.6	4.4

\*Note: Peers chosen from BOG approved peers if available in Moody's Municipal Financial Ratio Analysis (MFRA) Database. If approved peer data is unavailable, universities with similar credit ratings are used. Data is the most recent available in the MFRA database.

## Debt Management Policies

NC State's current debt policy is attached.

# NC State Investment Fund, Inc.

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: April 1, 1999

December 31, 2021

## MARKET COMMENTARY

The fourth quarter of 2021 continued to be positive with a 4.6% portfolio return, but as the quarter progressed, so did volatility. The VIX volatility index reached a one-year peak of 31.12 on December 1, before settling back down to 17.22 by December 31. Investors were concerned about inflation, supply chain disruption, labor market challenges, political stalemate in Washington, and the Federal Reserve Bank's likely actions in 2022 and 2023 to combat inflation. Year over year inflation stood at 7% at December 31, as measured by the US CPI, and the three-month increase was 1.6%. As inflation increased towards the end of calendar year 2021, US growth stocks lost ground.

Within the NC State Investment Fund, the three-month return of 4.6% was consistent with the Policy Benchmark at 4.6% and the Global Index of 4.7%. For the year, the Fund's 28.8% return exceeded both benchmarks at 15% and 12.3%, respectively. While the S&P 500 Index produced a 26.9% for the one-year period ended December 31, 2021, the UNC Investment Fund's return of 31.1% for the 12 months surpassed even the S&P 500. The performance for the Fund as a whole was reflective of the outstanding performance achieved by exceptional performance among alternative and private asset classes. At December 31, 2021, the Fund had a high overall allocation to global equity strategies (45%) and private strategies (38%). While the portfolio included only 11% in fixed income strategies and cash at December 31, both asset classes were well within the Fund's tactical targets.

Looking ahead, we expect to see a normalization of interest rates as the Fed aims for an inflation target of 2-3%. However, a period of continued high inflation and rising interest rates could stress growth equities, fixed income strategies, and debt-dependent corporations that have long benefited from low inflation and low interest rates. Labor market challenges, and the prospect of rapid wage inflation, have already led to rising prices in the US. Other challenges are omnipresent in the form of geopolitical tensions in Eastern Europe, and global trade challenges. Within the context of an always-changing world, we continue to work with exceptional managers, and we monitor near-term term market developments to understand the impact of market conditions on a portfolio designed for long term performance.

## PERFORMANCE

December 31, 2021						
Market Value	\$1,757,235,460			Participants		10
Performance	QTD	FYTD	1 Year	3 Year	5 Year	10 Year
NCSIF	4.6%	7.9%	28.8%	18.7%	14.3%	11.7%
Policy Index (1)	4.6%	4.8%	15.0%	16.3%	11.1%	9.5%
Global Index (2)	4.7%	3.9%	12.3%	15.8%	11.3%	9.3%
BNY E&F Univ (3)	3.7%	5.3%	16.5%	15.7%	11.4%	10.1%
UNCIF	4.3%	8.1%	31.1%	19.6%	15.0%	12.0%
NCSIF Private Assets	8.8%	20.3%	42.9%	17.6%	15.5%	14.0%
BlackRock LPP	5.9%	5.1%	17.0%	17.0%	11.7%	

Note 1: Policy Index= NCSIF's Strategic Investment Policy Portfolio Index (SIPP)

Note 2: Global Index= 70% MSCI ACWI; 30% Bloomberg Barclay's Aggregate Bond Index

Note 3: BNY Mellon Endowment & Foundation Universe Median Return—  
127 portfolios are represented for the one-year period ended December 31, 2021

## FUND PERFORMANCE

The NCSIF (Fund) is a large, diversified investment pool with a long-term perspective. At December 31, 2021 the Fund ended with \$1.76 Billion invested with several managers in a wide variety of asset classes. The Fund returned 4.6% for the quarter, and 28.8% for the 12 months ended December 31, 2021. The largest manager for the Fund, UNCMC, managed 81% of the Fund's assets at December 31, and produced a three-month return of 4.3% and a 12-month return of 31.1%. The NCSIF employs additional private asset managers, who managed 4% of the portfolio. This portion of the Fund produced a three-month and 12-month return of 8.8% and 42.9%, respectively, for the period ended December 31, 2021. The Fund's Liquid Policy Portfolio (LPP), managed by Blackrock, was another 13% of the portfolio. This investment returned 5.9% for the three months and 17.0% for the 12 months ended December 31, 2021. This strategy also provides a good source of market liquidity at very low fees, and good overall performance. The remainder of the portfolio is invested in cash with the State Treasurer's Short-Term Investment Fund (STIF). Both the LPP and cash provide important liquidity for the Fund, especially as the economy remains vulnerable to the Pandemic, and particularly as the endowment spending produced by the Fund increases every year.

## RISK METRICS

3 Year Period	Fund	UNCIF	Policy Index	MSCI ACWI
Annualized Return	18.7%	19.6%	16.3%	20.4%
Annualized Volatility	7.9%	8.0%	11.6%	17.1%
Annual Sharpe Ratio (1)	2.36	2.46	1.41	1.19
Correlation to Global Index	0.82	0.76	1.00	1.00
Max Drawdown	-7.9%	-7.2%	-14.4%	-21.4%

Note 1: Sharpe Ratio: Excess return per unit of risk

This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

Second Quarter Fiscal Year 2022

# NC State Investment Fund, Inc.

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: April 1, 1999

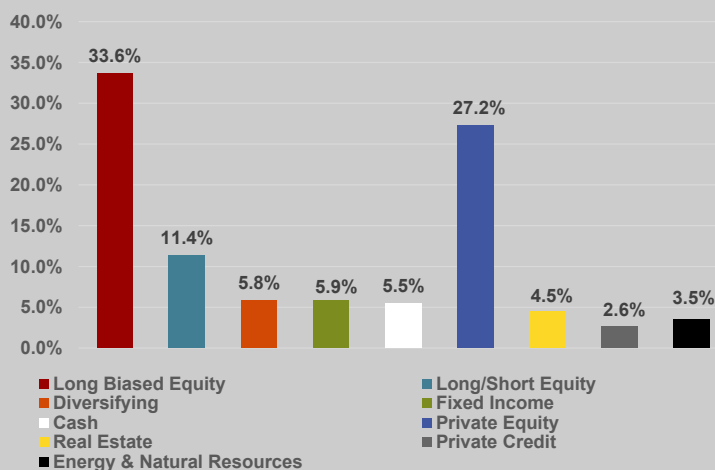
December 31, 2021

## INVESTMENT STRATEGY

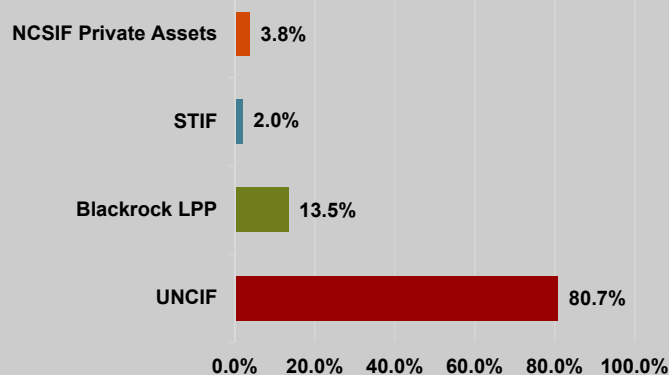
The Fund is managed as a broadly diversified portfolio with exposure to eight primary asset classes and many sub-strategies within each asset class. The Fund seeks to diversify exposure to the sub-strategies through the use of multiple investment managers that utilize a variety of investment approaches. The purpose of diversification is to provide reasonable assurance that no single security, class of securities, or investment manager has a disproportionate impact on the Fund's aggregate results. At times, the Fund invests in passive strategies. In working toward the Fund's investment strategy, the Fund invests in a number of niche managers that can employ different types of hedging strategies such as short-selling and derivative investing to help reduce the volatility of the Fund. The focus on controlling volatility preserves capital and benefits Fund participants through the power of compounding.



## ASSET ALLOCATION



## ALLOCATION BY MANAGER



## HISTORY OF THE FUND

The NC State Investment Fund, Inc., (Fund) was established in April 1999 to combine NC State University's and its affiliated entities' endowments in an external pooled investment vehicle. The goal of the investment program for the Fund is to provide a real total return from assets invested that will preserve the purchasing power of Fund capital, while generating an income stream to support the spending needs of the University and its participants. Effective July 2008, the Fund partnered with UNC Management Company (UNCMC) to invest in the UNC Investment Fund (**UNCIF**), a broadly diversified portfolio emphasizing equity-related investments to achieve the fund's long-term return objective. The transition of assets to UNCMC was completed December 2009. In 2012, the Fund invested in a Liquid Policy Portfolio (**Blackrock LPP**) of Exchange Traded Funds (ETF's) providing 70% equity and 30% fixed income passive exposure. In 2017, the Fund partnered with a non-discretionary private asset advisor to continue its legacy private assets program (**NCSIF Private Assets**) investing in a diversified portfolio of direct private assets focusing on buyouts with complementary allocations to private credit and real asset opportunities. The remaining portion of the portfolio is invested in a short term cash vehicle (**STIF**) to fund capital calls and liquidity for operating needs.

*This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.*  
**Second Quarter Fiscal Year 2022**

# NC State Intermediate Term Fund

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: July 3, 2014

December 31, 2021

## FUND HISTORY AND PHILOSOPHY

As a pooled fund for the collective investment of operating funds, the NC State Intermediate Term Fund (ITF) consists of Participants' excess cash balances, which are defined as funds not needed for normal operating purposes. Generally, the ITF will not include operating funds needed within the next year, endowed funds or those funds that are specifically excluded by law or contractual agreement.

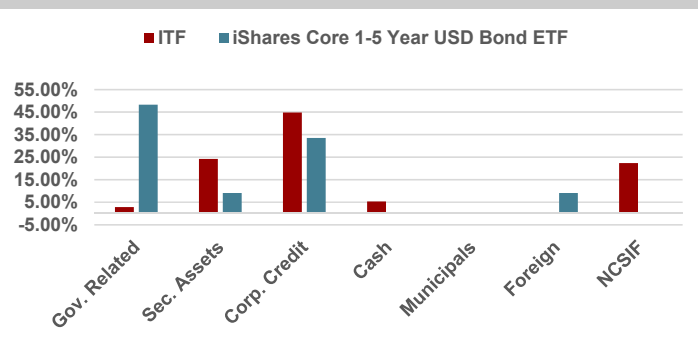
The decision to invest funds takes into account various factors including duration, credit, concentration, and manager risk, along with total return, suitability, and the experiences, quality and capability of external managers.

The primary investment objectives of the ITF are: 1) Preservation and safety of principal; 2) Liquidity; and 3) Maximization of returns within acceptable levels of risk. Because of current concerns about potential changes in monetary policy and rising interest rates, duration is limited. The investment policy calls for an average weighted maturity between one and five years, with an overall credit rating in general of A+/A as rated by a nationally-recognized rating agency. However, for any mutual funds selected by the ITF, their respective approved investment policy guidelines supersede those of the ITF.

The ITF was established on July 3, 2014 with an initial investment of \$122 million. Additional investments were made during FY 2015, FY 2017, FY 2021, and FY 2022 bringing the total invested to \$340.03 million. The ITF can be compared with the State Treasurer's Short-Term Investment Fund (STIF) on both a total return and on an SEC yield basis. In order to provide a buffer for changes in the NAV of the different investments, some of the excess earnings are being used to create a loss reserve. FMV fluctuates on a day-to-day basis.

During the first quarter of Fiscal Year 2022, an additional \$78.2M was invested in the fund. From that additional investment, \$24.63M was invested in PIMCO's Income Fund, \$32.15M was invested in Vanguard's Short Term Fund and \$21.56M was invested in the NC State Investment Fund - Long Term Pool. Our investment in DoubleLines's Total Return Fund remained unchanged.

## SECTOR ALLOCATION



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Second Quarter Fiscal Year 2022

## PERFORMANCE

Market Value	\$344,927,264		Participants 8	
Performance	QTD	FYTD	1 Year	3 Year
ITF Fund	0.4%	1.0%	3.4%	5.0%
Barclays 1-3 yr Treasury	-0.6%	-0.5%	-0.6%	2.0%
Barclays Universal 1-5 yr	-0.7%	-0.7%	-0.5%	3.3%
DoubleLine	-0.2%	0.2%	0.2%	3.4%
PIMCO Income	0.2%	0.7%	2.6%	5.5%
Vanguard Short Term	-0.7%	-0.5%	-0.3%	3.6%
NC State Investment Fund	4.5%	7.9%	28.5%	-

STATISTICS	Fund	Index (1)
Volatility*	2.3%	1.5%
Sharpe Ratio*	1.2	1.5
SEC Yield	2.3%	0.9%
Effective Duration**	2.7	2.8

\*Since inception

\*\*Excludes NCSIF from the effective duration calculation

Note 1: The iShares Core 1-5 Year Bond ETF is used as a proxy for the benchmark for Statistics information

## MANAGERS

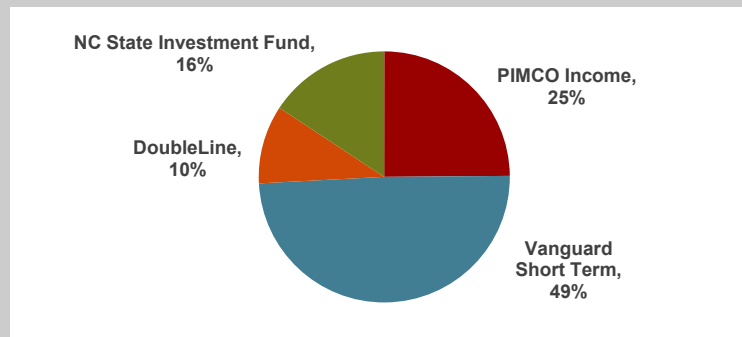
**Vanguard's Short Term Fund** has a low tracking error and is a low cost portfolio option consisting primarily of investment grade corporates.

**PIMCO's Income Fund** is a portfolio of a broad range of intermediate-duration bonds that is actively managed to maximize current income while maintaining a relatively low risk profile.

**DoubleLine's Total Return Fund** seeks to maximize total return by exploiting inefficiencies within the subsectors of the mortgage market while maintaining active risk management constraints.

**NC State Investment Fund:** provides consistent spend with lower volatility than broad public markets with reasonable liquidity, enhance the Fund's yield profile and diversify its risk exposures.

## MANAGER ALLOCATION



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Second Quarter Fiscal Year 2022