THURSDAY, FEBRUARY 19, 2015

11:30 – 12:45 p.m. Luncheon Presentations: Demonstrating the Value of NC State to the North Carolina Economy by Chancellor Randy Woodson

1:00 – 2:30 p.m. Audit, Risk Management and Finance Committee
Winslow Hall Conference Room
Jimmy Clark, Chair
Cabaniss, Mau, Mulkey, Sall, Ward

1:00 – 2:30 p.m. Advancement and External Affairs
Chancellor’s Conference Room, 12 Holladay Hall
Jim Owens, Chair
Lanier, Mattocks, Murphy, Prestage, Ramsey

2:30 – 2:45 p.m. Break

2:45 – 4:15 p.m. Buildings and Property Committee
Primrose Hall Conference Room
Randy Ramsey, Chair
Clark, Lanier, Mattocks, Murphy, Sall

2:45 – 4:15 p.m. University Affairs Committee
Winslow Hall Conference Room
Susan Ward, Chair
Cabaniss, Mau, Mulkey, Owens, Prestage
FRIDAY, FEBRUARY 20, 2015
Dorothy and Roy Park Alumni Building

8:30 – 9:15 a.m.  Dean’s Briefing
                      Paul Lunn, Dean
                      College of Veterinary Medicine

FULL BOARD MEETING
9:00 a.m.  ▪ Call to Order and Ethics Statement
                      Jim Owens, First Vice Chair of the Board

▪ Roll Call

▪ Approval of Minutes  TAB 1
  ▼ — November 21, 2014 Meeting of the Full Board
  ▼ — November 21, 2014 Closed Session of Full Board

▪ Chair’s Report  TAB 2
  First Vice Chair Jim Owens
  — Endowment Board February 19 Meeting Report
  — Nominating Committee
  — Update of Activities and Topics of Interest to the Board

▪ Chancellor’s Report  TAB 3
  Chancellor Randy Woodson

COMMITTEE REPORTS:
▪ Audit, Risk Management and Finance Committee  TAB 4
  Jimmy Clark, Chair
  On the Agenda: Committee Approvals; Informational Reports
  — Annual Financial Report / Audit
  — Annual Report on Endowments and Investments
  — Internal Audit Update
  — Strategic Risk Management and Compliance Update
  — Finance and Legislative Update

Requires full board approval.
Buildings and Property Committee  
Tab 5
Randy Ramsey, Chair
On the Agenda: Board, Committee Approvals; Informational Reports

Property Matters

— Disposition by Easement: Approximately 10 ft X 800 ft to AT&T from Centennial Campus and extending along the south side of Blair Drive. The non-exclusive easement will facilitate the extension of fiber optic facilities to the neighboring Food Runners Collaborative located on adjoining NCDA&CS land to the east

— Designer and Construction Manage at Risk Selections
   — MRC Cleanroom Renovations – Centennial Campus (Construction Manager at Risk)
   — Approval of Designer Selections Less Than $500,000

— Acceptance of Completed Buildings and Projects

— Policy 04.20.02: Alcohol Policy

Plan Review

— Textiles Innovation Center – Centennial Campus

Plan Approval

— Conference Center and Hotel – Centennial Campus
— Approval of Plans and Specifications of Formal Projects less than $2M

Informational Reports

— Capital Projects Update
— Status of Projects in Planning

Advancement and External Affairs Committee  
Tab 6
Gayle Lanier, Acting Chair
On the Agenda: Board, Committee Approvals; Informational Reports

Informational Reports

— University Advancement and Campaign Update
— University Communications Update

— Closed Session

University Affairs Committee  
Tab 7
Barbara Mulkey, Acting Chair
On the Agenda: Board, Committee Approvals; Informational Items and Closed Session

Graduation Report

— Request for Authorization to Establish New Degree Program

— Request for Authorization to Continue Centers and Institutes
   — Center for Comparative Medicine and Translational Research (CCMTR)
   — Institute for Emerging Issues
   — Kenan Institute for Engineering, Technology and Science (KIETS)
   — North Carolina Sea Grant College Program (NCSG)
   — Water Resources Research Institute (WRRI)

Requires full board approval.
University Affairs Committee (Continued)
 — Informational Reports
   — May 2015 Commencement Speaker
   — Student Body President Report
   — Annual Report on Management Flexibility
   — Provost Update
     — Update on Leadership Position Searches and Leadership Reviews
     — Reappointment, Promotion and Tenure Process Update
     — Chancellor’s Faculty Excellence Program Update

Closed Session: Personnel Matters and Honorary Awards

Chair of the Faculty Report
David Zonderman, Chair

Chair of the Staff Senate Report
Robert Davis, Chair

Items of Interest to Members of the Board

Motion To Go into Closed Session

CLOSED SESSION

Reconvene in OPEN SESSION for Any Additional Items to Come Before the Board

11:00 a.m.* Adjourn

*Ending time is approximate

✓ Requires full board approval.
The North Carolina State University Board of Trustees met in regular session in the Hood Board Room of the Dorothy and Roy Park Alumni Center on Centennial Campus, Raleigh, NC, on Friday, November 21, 2014. Chair Benjamin P. Jenkins presided.

Members present: Benjamin P. Jenkins III, Chair
Thomas E. Cabaniss
Jimmy D. Clark
Gayle S. Lanier
Robert L. Mattocks II
Barbara H. Mulkey
Wendell H. Murphy
James W. Owens
Ronald W. Prestage
Randall C. Ramsey
John P. Sall
Susan P. Ward
Rusty Mau, ex officio

Chair Jenkins called the meeting to order at 9:30 a.m. He 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 appearance of conflict with respect to any matters coming before the board at this meeting. Trustees Cabaniss and Ramsey stated they had a conflict on a matter that would be presented to the Board in Closed Session. Chair Jenkins called on Assistant Secretary PJ Teal for the roll call.

ROLL CALL
Assistant Secretary PJ Teal called roll and certified that a quorum was present.

MINUTES
Mr. Ramsey made the motion, seconded by Mr. Clark, to approve the open and closed session minutes of the September 19, 2014, meeting of the full board. The motion was approved.

CHAIR’S REPORT
Chair Jenkins began by congratulating Wendell and Linda Murphy who were awarded the Menscer Cup from the NC State Foundation Board in recognition of their service to the University. He then presented the Resolution of Exclusion of Certain Officers and Directors for approval. Ms. Mulkey made a motion for the approval of the Resolution and it was seconded by Ms. Ward. The motion passed.

Chair Jenkins reviewed the three areas of focus that were discussed at the September 19, 2014 meeting. The first area that he mentioned was a goal for continuing to make progress in our Capital Campaign efforts and he noted that that last year’s momentum is being maintained. The University received two major gifts and the Celebration of Philanthropy was a success.

He then reported that the second area of focus was the importance of raising the dollars needed to complete our Engineering Oval on Centennial Campus. He stated that there is a good deal of planning work taking place and there will be a big effort in working with the Legislature. Additionally, he noted that Chancellor Woodson, Vice Chancellor Brian Sischo and the employees in the College of
Engineering are doing a great job identifying and assembling donors to commit to a large part of the fundraising effort.

Chair Jenkins reported that the third focus area is about comparing our performance against the 2020 strategic plan - to see how we are doing and more importantly what needs to be done differently in the second half of the plan. He noted that here has been a huge amount of positive performance across the University.

**CHANCELLOR’S REPORT-W. RANDOLPH WOODSON**

Chancellor Woodson began by giving an update about the implementation plan for the next three years. He noted that through the Chancellor’s Faculty Excellence program, NC State now has 35 outstanding faculty hires to date. He has initiated a new call for proposals to identify four to six additional clusters and fund approximately 15-20 faculty lines. This two-step proposal process will give potential clusters more time to engage with colleges and departments as they develop proposals. Successful clusters will be announced by the end of the Spring 2015 semester.

Chancellor Woodson reported about the College of Engineering Program Enhancement Fee and the high impact interdisciplinary academic experiences for undergraduates. Some areas of note were: The first year Life Sciences Program and the first year Environmental Sciences Program.

He then noted that efforts to continuously enhance private support to the University and prepare for the launch of the Public Campaign are underway. He reported that annual giving is on the rise and the university’s endowment has grown 76% in four years and is forecasted to hit the $1 billion mark in the current fiscal year.

Next, Chancellor Woodson gave a student success report and a University Faculty Scholars update. He noted that the University is working to enhance student success with the use of integrated support services. He reported about the Advising Dashboard and the creation of Student Central. He then announced that 18 faculty have been selected for the third group of University Faculty Scholars. He reported that each individual will carry the title University Faculty Scholar for a five year period and receive a $10,000 annual supplement. He noted that funds for this initiative are from private gifts.

Chancellor Woodson listed some recent accolades:

- Jenkins MBA Program was ranked No. 54 by the Bloomberg Businessweek Best Business Schools in the United States.
- Jenkins MBA ranked No. 23 US News & World Graduate Schools. NC State went from No. 65 to No. 23.
- APLU awarded NC State the “Place” award, recognizing the role Centennial Campus played in the “reinvention of the very notion of what a research park should be.”
- The Chronicle of Philanthropy released their philanthropy 400 rankings, and NC State achieved its highest overall ranking to date: #171 among all groups giving.
- In November 2014, NC State issued its 850th US patent.

Chancellor Woodson thanked Vice Chancellor Terri Lomax for her efforts in commercialization and he noted that she will be leaving NCSU to take a position at RTI. He reported that he has charged a search committee with finding a replacement and in the meantime, Dr. Mladen Vouk, Department Head and Professor of Computer Science, will be the interim Vice Chancellor.
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**COMMITTEE REPORTS**

**Audit, Risk Management and Finance Committee—Chair Jimmy Clark**

Mr. Clark reported that the committee heard a quarterly update on Internal Audit. He stated that the committee received an update from Vice Chancellor Leffler on the State of North Carolina Economic Outlook for the current fiscal year, followed by the projected FY14-15 University budget. He noted that the average budget reduction over the past seven years has been $38.7M. The committee also was updated on budget planning for the next biennium, including capital requests, priority capital requests and funding for repairs and renovations.

Mr. Clark reported that a new area of focus that the Committee will monitor is Intercollegiate Athletics’ financial and budget reviews. He noted that the NC State Athletics Department is not a separate incorporated entity but operates as an auxiliary unit within the University, like other campus enterprises.

Mr. Clark reported that the committee discussed the strategic plan implementation for fiscal years 2015 – 2017. He noted that phase two of the strategic plan was released to campus in October 2013. He referred to the pre-materials that identify actions and initiatives, which goal is being achieved, the year that the action would be implemented and which unit within the university is responsible for each action.

The committee talked about the Compliance Officials Working Group and Steering Committee, which were organized to evaluate risk including showcase of the “Compliance and Ethics at NC State” website. The website is designed to be a tool for maintaining compliance, addressing concerns and offering support for other risk areas at the University.

Mr. Clark stated that the committee heard a report about Cybersecurity and received a PCI compliance update. They reviewed the IT strategic planning and enterprise risk areas which consist of data breach and technology disruption. He noted that the University’s cybersecurity strategy also needs to incorporate other security mandates at the state and federal level. The University has identified cybersecurity needs in areas such as PCI-DSS, which stands for Payment Card Industry Data Security System and NIST or National Institute of Standards and Technology.

**Buildings and Property Committee—Chair Randy Ramsey**

Mr. Ramsey presented three property matters that require full board approval as follows:

1. Disposition by Easement to the Board of Trustees for the Endowment Fund of North Carolina State University for both storm water control and retention and for cross access related to the development of the Centennial Biomedical Campus Flex Lab Building and for future Endowment Fund sites on the Centennial Biomedical Campus.
2. Disposition by Lease of Swannanoa 4-H Center in Buncombe County, NC for a term of 60 years to a camp operator that will be selected through a Request For Proposal process.
3. Acquisition by Lease of approximately 44,241 square feet of office and laboratory space in the Textiles Innovation Center on Centennial Campus from Keystone Development Corporation for the Non-Wovens Institute for a term of 10 years.

Mr. Ramsey made a motion for the approval of the three property matters. Ms. Lanier seconded the motion. The motion passed.

Mr. Ramsey reported that the committee approved one property matter that required committee approval only. It was acquisition by lease of approximately 9,400 square feet of office space for the Next Generation Power Electronics Manufacturing Innovation Institute / Power America in the
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Venture Place on Centennial Campus. This lease was originally approved on April 24, 2014 for a term of 3 years. The Institute is now seeking a term of up to 10 years.

Mr. Ramsey then noted that the committee approved 10 designer selections and accepted 5 completed projects with a combined value of $9.9 million. The list includes acceptance of Talley Student Union northeast entrance, Tech Tower, and elevator #7 with a value of $3.6 million.

Next Mr. Ramsey reported that the committee reviewed the design plan and approved the site plan for the Conference Center and Hotel on Centennial Campus. The committee also approved 4 plans and specifications of formal projects costing less than $2 million. In addition the committee received updates about Centennial Campus projects, other capital projects, and projects in planning. After the meeting, the committee was given a tour of the Talley Student Union renovation project that is under construction.

University Advancement and External Affairs Committee-Chair Jim Owens

Dr. Owens reported that Vice Chancellor Brian Sischo provided a campaign update and reviewed revisions to the counting guidelines previously established. He noted that the committee found the revised guidelines to be acceptable.

He also reported that the committee heard an Alumni Association update. The Alumni Association has had an increase in memberships, marketing and communications activities and outreach and engagement opportunities. He also noted that the committee was provided an organizational model based on elements of their strategic plan and he reported that the Alumni Association provided over $650,000 in financial assistance to 150 students including 75 Caldwell Fellows.

Dr. Owens reported that, in closed session, the Committee reviewed five candidates for the Watauga Medal award and voted to present two candidates to bring to the full board for its consideration and approval. The Committee also reviewed and recommended to the full board eight donor proposals and one honorary naming proposal to name specific university facilities and programs.

University Affairs Committee-Chair Susan Ward

Ms. Ward reported that Provost Arden shared the new 3- year (FY 2015 to FY 2017) implementation plan for NC State’s Strategic Plan. This new 3-year implementation plan is organized under three overarching actions, 1) Cultivate Excellence and Continue Investing in Areas of Emphasis, 2) Enhance Student, Faculty and Staff Success, and 3) Improve Institutional Effectiveness While Growing and Realigning Resources. It includes 19 high-level initiatives with over 80 supporting actions.

Ms. Ward reported that the committee reviewed the Annual Report to the Board of Governors on Intercollegiate Athletics. The report highlights student-athlete exceptions to the minimum course requirements set by the Board of Governors; student-athlete profiles for admitted student athletes including SAT/ACT scores and high school grade point averages; information about the majors chosen by student-athletes; and academic progression information for student-athletes. The report is required by UNC Policy.

Ms. Ward reported that Chancellor Woodson gave the committee an overview of the process undertaken and recommendations presented by the Tuition Review Advisory and Fee Review Committees for the biennial 2015-2016 and 2016-2017 as mandated by UNC-GA. She noted that Chancellor Woodson stated his support for all recommendations which include the following:

- A 3% tuition increase for undergraduate residents, graduate residents and graduate nonresidents and a 6% tuition increase for undergraduate nonresidents for the 2015-2016 and
2016-2017 academic years. She noted that about 82% of the tuition increase will be used to improve quality and accessibility of the NC State educational experience. Approximately 8% will provide funding for faculty promotional increases and just over 10% will provide funding to the Graduate Student Support Plan.

- Premium tuition increases for the Master of Accounting and the Master of Science in Analytics programs.
- With respect to fee increases, this year’s fee review process included the change mandated by UNC-GA from a one-year to a two-year review and the 5% cap on Student Activity Fees. She noted that the Chancellor supported the Fee Review Committee’s recommendation to increase fees subject to the 5% cap by $61.46 (3.91%) for all students in the 2015-2016 academic year and by $57.08 (3.50%) for the 2016-2017 year.
- Expansion of two currently existing program fees. The Professional Golf Management fee pays for golf play and practice privileges at several area golf courses in accordance with the standards for accreditation of the program by the Professional Golfers Association (PGA) of America. Without this increase our students may have limited access to golf courses and practice facilities which will adversely affect their ability to graduate. The fee is being increased by $50 in both 2015-16 and 2016-17 resulting in a proposed fee of $650 per year in 2015-16 and $700 per year in 2016-17.
- Expanding and enhancing the current $90 per year Engineering Computer Fee to a College of Engineering Program Enhancement Fee beginning in fall 2015. The fee is designed to significantly expand the educational opportunities for our engineering students to help them remain among the best prepared and most competitive engineering graduates in the country. The fee would be charged for all students majoring in engineering-related programs. The increase would be realized over three years with the first year set at $500 per year for fall 2015, then $1,000 per year in 2016, and the full $1,500 in fall 2017. The final $500 increase for fall 2017 will be requested in the following biennium.

Ms. Ward made a motion for the approval of:

- the 2015-2016 and 2016-2017 Campus Initiated Tuition Increases as outlined in Chancellor Woodson’s recommendations and the proposed uses of the increases as heard during the Committee meeting.

The motion was seconded by Ms. Mulkey. The motion passed.

Ms. Ward then made a motion for the approval of:

- the increases to student fees for the 2015-2016 and 2016-2017 years as outlined in Chancellor Woodson’s recommendations.

The motion was seconded by Mr. Ramsey. The motion passed.

Ms. Ward recommended the Authorization to Plan New Degree Program requests for the following four degrees:

- **Ph.D. in Geospatial Analytics** - This proposed degree program is the logical extension of the Chancellor’s Faculty Excellence Program (CFEP) cluster in Geospatial Analytics. Demand for the proposed Ph.D. degree is evidenced by the very high levels of student enrollment and graduation in our existing professional science master’s degree (44 graduates and 126 enrolled) and graduate certificate programs (147 completed and 146 enrolled).
- **Master of Statistics (Distance Education)** – The Department of Statistics is proposing to establish an online version of the existing Master of Statistics program to meet the increased
demand for the graduate programs at the Masters level in the Department of Statistics. The demand has been driven in large part by the need for better-trained data scientists in the workplace.

- **B.S. in Biomedical and Health Sciences Engineering (Joint Degree Program)** - The Joint Department of Biomedical Engineering at UNC-Chapel Hill and NC State are proposing this new joint degree program. The Joint Department operates as a single unit spanning these two universities and involves three colleges/schools. Faculty and staff in the department are not distinguished as UNC or NC State faculty but rather as Biomedical and Health Sciences Engineering (JBME) faculty. In the JBME program students will learn to apply engineering principles to solve medical and biological problems in the fields of medical imaging, informatics, prosthetics, medical devices, tissue engineering and genomics, etc. The proposed joint degree program will seek to be accredited by ABET (the Accreditation Board for Engineering and Technology) in 2016 or shortly thereafter.

- **B.A. in Biological Sciences** - The B.A. in Biological Sciences is designed to provide an alternative path to degree to NC State students. The B.A. would serve as a companion degree to the B.S. in Biological Sciences, which has a current enrollment of over 1500 students. The proposed B.A. will require approximately the same number of credit hours in biology but will require less coursework in chemistry, physics, and calculus than does the B.S. in Biological Sciences. Many NC State students pursue healthcare career paths that do not require all the chemistry, physics, and math that is part of the B.S. in Biological Sciences – these students can select courses within the proposed B.A. that will better match their interests and their career-related needs. The B.A. degree program is proposed to begin in Fall 2015. The home college for this degree program would be the College of Sciences.

Ms. Ward made a motion for the approval of the Authorization to Plan these four new degree programs. The motion was seconded by Dr. Prestage. The motion passed.

Vice Chancellor Goldgeier introduced the proposed new policy on Political Activities. This policy supplements and is adopted in accordance with UNC Policy Manual 300.5.1, Political Activities of Employees, which was revised in April 2014 and required each campus Board of Trustees to adopt a policy. The policy covers permissible and impermissible activities of university employees engaged in political activities and/or seeking political candidacy. Once adopted by the Board, the policy will be effective upon approval of the UNC President.

Ms. Ward made a motion to approve the proposed new Policy POL 05.00.04: Political Activities. Ms. Mulkey seconded the motion. The motion passed.

Ms. Ward stated that the committee reviewed the proposed revisions to Policy 05.20.02, Emeritus/Emerita Status for Faculty and Senior Administrators, which clarify the responsibilities and privileges for senior administrators given this honorific title.

She made a motion for the approval of the revisions to Policy 05.20.02 – Emeritus/Emerita Status for Faculty and Senior Administrators. Mr. Cabaniss seconded the motion. The motion passed.

Ms. Ward reported that the Committee approved the request to establish the Center for Educational Informatics and to continue the Small Business and Technology Development Center.

Ms. Ward reported that Chancellor Woodson shared with the committee that Vivian Howard, NC State alumna, chef and co-owner of the Chef & The Farmer restaurant in downtown Kinston, NC will give the December commencement address. Vivian is star of the PBS show, “A Chef’s Life” which won a Peabody award earlier this year.
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The Committee heard updates from both the Faculty and Staff Senates. Chair of the Faculty David Zonderman stated that the Faculty Senate selected four issues as its top priorities for discussion this year: Allocation of Academic Funds, Growing Doctoral Programs (Graduate Student Support Plan), Student (Undergraduate) Retention and Success, and the Revision of Post-Tenure Review Policies. Discussions and efforts on all these issues have begun and Chair Zonderman has encouraged all faculty to become engaged in the conversations.

Chair of the Staff Senate Robert Davis reported that the NC State Staff Senate has been busy this year sponsoring and participating in service opportunities in Wake County and across the state. They also continue to promote education through such events as webinars, campus Town Hall initiatives and hosting speakers in the Staff Senate chambers. They continue to make a difference by embodying the “Think and Do” model.

Ms. Ward reported that during the Provost’s update the committee was notified of a new undergraduate certificate in Renewable Energy Assessment offered by the College of Natural Resources. She noted that they were also informed that the General Hugh Shelton Leadership Center Distinguished Professorship has been awarded to Dr. Bradley Kirkman, Professor of Management, Head of the Management, Innovation, and Entrepreneurship Department and a prolific scholar in the field of leadership. Provost Arden also discussed faculty retentions at NC State during Fiscal Year 2013-14. During this time, NC State addressed 76 retention efforts. This number includes counter offers and pre-emptive retentions. Fifty-three (53) of these 76 retention efforts were successful for a 70% success rate and 23 were unsuccessful for a 30% unsuccessful rate.

In closed session, the committee approved a non-salary compensation request and conferral of tenure to two new faculty hires. Ms. Ward reported that they recommended for approval by the Board of Governors three salary increases that are greater than 15% and $10,000 from each employee’s previous June 30th salary. She also noted that they endorsed honorary degree nominations which will be considered by the full board in closed session at the conclusion of this meeting.

**Board of Visitors Report-Chair Charles Flink**
Chair Flink provided an update from the Board of Visitor’s. He reported that there are six new members:

- Paul Boney (Design) – Principal & Senior Vice President at LS3P Design Firm in Washington, NC
- Katyna Borroto-Esoda (CALS) – Director of Pre-clinical Development at Scynexis in RTP
- Barry Leonard (Textiles) – President and CEO of Welspun USA
- Paul Ridgeway (CHASS) – Resident Superior Court Judge of the 10th Judicial District in Wake County
- Machelle Sanders (CALS) – Vice President, Manufacturing and General Manager at Biogen Idec in Research Triangle Park, NC
- Chuck Sykes (Engineering) – CEO at SYKES in Tampa, Florida

Chair Flink also summarized highlights from the September 26, 2014 meeting.

**Student Body President Report- Rusty Mau**
Mr. Mau began by reporting that in conjunction with the White House, National Campus Leadership Council, and the student body presidents from across the county, NC State Student Government is involved with the It’s On Us campaign to prevent sexual assault and raise awareness on college campuses. He reported that the campaign launched in September, they released a PSA in October, and will host a campus conversation series in the coming weeks. He noted that students, faculty and staff will be encouraged to take a pledge to be part of the solution to end sexual assault on campus.
Student Government partnered with NCPRIRG to conduct nonpartisan voter registration efforts throughout the 2014 election cycle. The efforts utilized an online voter registration tool simplifying the process for students to register to vote. Additionally, SG is scheduling meetings with local, state, and federal officials to advocate for students, higher education, and the campus community. SG partnered with Senior Class President Molly Basdeo and the Senior Class Council to establish a student task force that assists Live it up on Hillsborough Street in policy decisions and student feedback.

Mr. Mau then gave an update on his message to students followed by Student Life and Campus Events. He highlighted the following events:

- **Diversity Education Week**
  In its 5th year, NC State’s Annual Diversity Education Week (Think and D.E.W.) was held October 19 - 25. A joint initiative of the Office for Institutional Equity and Diversity and the UABDiversity Activities Board, the week was started by students in the spring of 2011 to promote awareness and understanding of our nation and world’s diverse cultures and foster intercultural understanding through a collection of engaging opportunities including lectures, workshops, panel and group discussions, information sessions, film, food, music, dance and more.

- **Shack-A-Thon**
  NC State student organizations sponsored shacks during Habitat for Humanity’s annual Shack-A-Thon. Participating groups constructed a 10’ by 10’ shack and lived in the shack for an entire week. Inclement weather caused a temporary halt in operations, but this did not hinder the event’s success, as it raised over $40,000 for Habitat for Humanity. Shacks included an ROTC encampment and a College of Natural Resources log cabin.

- **Throwback with the Pack and Campout**
  On October 17th, Student Government and the Wolfpack Men's Basketball team hosted Throwback with the Pack and Campout at historic Reynolds Coliseum. In the final year before the Reynolds renovation, students and fans relived the memories of “The House that Case Built.” Students camped out to receive a basketball loyalty point incentive, which helps them obtain tickets to Wolfpack Men's Basketball games.

- **Wear Red Fridays**
  Student Government is conducting weekly Wear Red Fridays that encourage the NC State community to wear red.

Mr. Mau then reviewed Student Government Initiatives:

- **Student Ticket Policy Football and Basketball**
  Student Government worked with the Student Ticketing Advisory Committee to make significant changes to student ticket policies.

- **Tailgate Policy**
  Alongside the Student Ticket Advisory Committee and the Interfraternity Council, Student Government established policies to create a more safe tailgate environment for students.

- **Wolfpack Pick Up**
  Student Government, in partnership with the Division of Academic and Student Affairs, officially launched Wolfpack Pick Up, a mobility impairment transportation service.

With no further business in open session, Chair Jenkins made the motion, seconded by Ms. Lanier, at 10:30 a.m. to go into closed session to prevent the premature disclosure of an honorary award and to consider the qualifications, competence, performance, conditions of appointment of a public office or
employee or prospective public officer or employee according to NC General Statute 143-318.11(a)(2) and (6). The motion passed.

With no further business in open session, Chair Jenkins adjourned the meeting at 11:15 a.m.

Respectfully submitted,

_________________________________________  ______________________________________
Assistant Secretary                          Secretary

Approved:

_________________________________________
Chair of the Board
NORTH CAROLINA STATE ETHICS COMMISSION

SAMPLE¹

ETHICS AWARENESS & CONFLICT OF INTEREST REMINDER

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

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 participation² in the particular matter involved.

As a reminder, the annual Statement of Economic Interest is due by April 15. You should be receiving a reminder from the State Ethics Commission in the mail. As long as you are serving as trustee on April 15, you are required to file the SEI. If you have any questions, please contact Eileen. Thank you for your attention to this important responsibility

¹ 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.

2 “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.
Fashion Students Visit the White House
Recently, the relatively new Fashion program in the College of Textiles received some major recognition. The White House contacted the College and invited 10 students to participate in a Fashion Workshop involving world renowned fashion designers as part of the First Lady’s Reach Higher program, which is meant to encourage underprivileged teens to strive for higher education. The White House specifically selected the Fashion and Textile Design program because of its strong science and technology focus coupled with fashion design. The College of Textiles is the only academic institute in the world that offers comprehensive fashion design education, world-class research, and industry extension and engagement.

College of Design Natural Learning Grant
The College of Design’s Natural Learning initiative has partnered with Blue Cross and Blue Shield of North Carolina to provide around $100,000 in grants to improve outdoor play and learning areas and to train future teacher in outdoor learning. Each space will be designed to increase and sustain young children’s active play and learning, setting the stage for more in-depth engagement and a lifetime of healthy behaviors.

Entrepreneur’s Clinic
The Poole College of Management is creating an entrepreneurship clinic in downtown Raleigh that will bring together faculty and students to provide consulting services to area startups and fuel new applied research in entrepreneurship and commercialization. Housed at HQ Raleigh, the clinic will integrate research, teaching, and real-world experience, providing students with the opportunity to learn by doing while providing the Raleigh community with access to free startup advising and assistance from the innovative students and faculty at NC State.

NC State Researchers Work Towards New Memory Device
A research team led by NC State has made advances in our understanding of multiferroic materials including the ability to integrate them on a silicon chip, which means that they can now be integrated in silicon chips. As a result they have been able to create prototypes for new electronic memory devices with the potential to perform better than existing models.

New Wearable Sensors out of NC State Innovation
Researcher’s led by mechanical and aerospace engineering professor Dr. Yong Zhu have created a new, wearable electronic sensor that provides more accurate and long-term monitoring than previous sensors. The new sensors are made with flexible silver nanowires that stay in contact with the patient’s skin even as they move and don’t require the use of potentially irritating wet gels to function properly. The new sensors show promise for general use, but especially for when patients need to be monitored during physical activities that older sensors simply would not allow.
NC State Research will help to lower Medicaid Costs
NC State’s Edward P. Fitts Department of Industrial Engineering will be working with Community Care of North Carolina to help build predictive models to help find high-risk individuals and ensure they receive preventative and early-intervention treatment. Because a large portion of overall spending goes to treating a relatively small number of individuals, finding those in need of treatment and helping them early on has the potential to create large savings over time.

Frill on Shark Tank
NC State alum Sharon Bui, a 2013 graduate in the Fashion and Textile Management program in the College of Textiles, co-founded her own company while a student at NC State and is going to be featured on the show Shark Tank. The North Carolina-based company is called Frill, and provides custom-made formal garments to sororities to help with recruitment and other former events. Bui saw the struggle that sorority chapters to find attractive, flattering formal attire on a limited budget, and set out to provide an alternative.

Gu Chosen for Diabetes Effort
As part of an American Diabetes Association initiative, Dr. Zhen Gu in the Department of Biomedical Engineering has received a $1.625 million grant to accelerate his research. Dr. Gu is working to create an artificial closed-loop system that can mimic pancreas activity and release insulin in response to glucose level changes. More than 30 million American suffer from diabetes, and Gu was one of only six grant recipients from more than 100 nominations. The initiative aims to fund a ‘new generation of brilliant scientists at the peak of their creativity,” and it seems fitting that they would begin with NC State innovation.

NC State Faculty Tops Cotton Industry
NC State faculty won two of the top awards given at this year’s National Beltwide Cotton Conference. Dr. Guy Collins from NC State’s Ag-Extension program was named the 2015 National Extension Cotton Specialist of the year for his work to help cotton growers and agronomists succeed. Dr. Keith Edmisten, professor of Crop Science at NC State, was named the Cotton Physiologist of the year. Edmisten was recognized for his significant research contributions to the study of cotton as well as his role in establishing the Journal of Cotton Science.

NC State Alums Compete at The Super Bowl
Amidst all the fanfare and excitement of the Super Bowl, some NC State Alumni played against each other in hopes of helping their team to victory. Seven former NC State football players entered the playoffs in hopes of making it to the big game and in the end three had the opportunity to compete. Russell Wilson, J. R. Sweezy, and Steven Hauschky all had the opportunity to take on the Patriots in what was a very intense Super Bowl XLIX /
CALL TO ORDER
Jimmy Clark, Chair of Committee

ROLL CALL
Jimmy Clark, Chair of Committee

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT
Jimmy Clark, Chair of Committee

1. APPROVAL OF MINUTES
   Approval of November 20, 2014 Minutes

2. INFORMATIONAL REPORTS
   A. Annual Financial Report and Audit
      Finance and Resource Management
      *Beth Wood, State Auditor, Office of State Auditor*
      *Katie Thigpen, Audit Supervisor, Office of State Auditor*
      *Charles Cansler, University Controller, NC State Controller’s Office*

   B. Annual Report on Endowments and Investments
      Office of University Treasurer
      *Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer*

   C. Internal Audit Update
      Internal Audit
      *Cecile Hinson, Director, Internal Audit*

   D. Strategic Risk Management and Compliance Update
      Office of General Counsel
      *Eileen Goldgeier, Vice Chancellor and General Counsel*

✓ Denotes full Board approval required
E. Finance and Legislative Update
Finance and Business
Charles D. Leffler, Vice Chancellor for Finance and Business
Chancellor’s Office
Kevin Howell, Assistant to the Chancellor, External Affairs

3. COMMITTEE DISCUSSION

4. ADDITIONAL INFORMATIONAL MATERIALS
A. NC State Investment Fund Performance

ADJOURN

✓ Denotes full Board approval required
Meeting of Audit, Risk Management and Finance Committee
North Carolina State University
Board of Trustees
November 20, 2014

Chair Clark opened the meeting at 1:05 p.m. in the Winslow Hall Conference Room. Committee members present for the meeting were:

Mr. Jimmy D. Clark, Chair
Mr. Tom Cabaniss
Mr. Rusty Mau
Ms. Barbara Mulkey
Mr. John Sall
Ms. Susan Ward

Others present were:

Mr. Ben Jenkins, BOT Chair
Chancellor Randy Woodson
Dr. Warwick Arden, Provost and Executive Vice Chancellor
Ms. Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer
Ms. Eileen Goldgeier, Vice Chancellor and General Counsel, Office of General Counsel
Ms. Tabitha Groelle, University Program Specialist, Treasurer’s Office
Ms. Cecile Hinson, Director of Internal Audit
Dr. Marc Hoit, Vice Chancellor, Office of Information Technology
Mr. Kevin Howell, Assistant to the Chancellor, External Affairs
Mr. Charles Leffler, Vice Chancellor for Finance and Business
Ms. Amy Mull, Director of Planning and Communication, Office of Finance and Business
Ms. Diane Moose, Senior Associate Director, Athletics
Dr. Margery Overton, Vice Provost for Academic Strategy
Ms. Marielle Pocan, Assistant to the Provost for Internal Communications
Mr. Michael Poterala, Deputy General Counsel, Office of General Counsel
Mr. Jay Price, Reporter, News and Observer
Ms. Deborah Yow, Director, Athletics

Chair Clark 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. Being none, the meeting continued.

A motion was made and seconded to approve the minutes from the September 18 meeting as presented. They were approved unanimously.

Chair Clark acknowledged and welcomed Jay Price from the News and Observer to the meeting.

Cecile Hinson provided an overview of current Internal Audit activities since the last meeting. Follow-up activities were completed for the issues on one investigative audit; all corrective actions were successfully implemented and the audit is now closed. Four audits are in process:
one IT audit and three operational audits. In addition, there are two investigations and eight follow-ups also in progress. The State Auditor’s annual audit of the University’s financial statements was completed; there were no issues and the State Auditor complimented the Controller’s office for their excellent work.

Charles Leffler presented an update on the State of North Carolina Economic Outlook for the current fiscal year, followed by the projected FY14-15 University budget. The State of North Carolina’s economic growth is strengthening, but the pace is below average. The State also is showing stable employment growth. First quarter revenue for the State is lagging due primarily to personal income tax.

He touched briefly on NC State’s revenue sources, revenue trends, budget reduction trends, and net impact of budget reductions and reallocations for the current fiscal year.

Budget planning for fiscal years 2015 through 2017 include a 2% reduction of $9.67 million. Continuing budget requests will include adjustments for continuing operations and maintenance and operations of new and renovated facilities. Expansion budget requests will be for enrollment change, legislative increases and strategic investments. Capital improvement budget requests will be for appropriated, self-liquidating and repair and renovations to correlate with the six year capital improvement plan with $308.2 million requested for eight projects.

Chair Clark recognized Athletics Director Debbie Yow. Ms. Yow asked Charlie Leffler to explain the new area of focus that the Committee will monitor Intercollegiate Athletics financial and budget reviews. He turned over the presentation to Diane Moose. Ms. Moose explained that NC State Athletics Department is not a separate incorporated entity but operates as an auxiliary unit within the University, like other campus enterprises. Referencing the pre-materials, she summarized the NCAA Dashboard information from 2012-2013, which included athletics generated revenues, student fee revenue as well as overall expenditures, expenditures per student athlete and athletic expenses as a percentage of institutional expenses. The dashboard provides seven key financial indicators that compare NC State with the ACC conference, football bowl series and other public universities with athletic budgets greater than $50 million. In addition, Ms. Moose discussed the financial report for the NC State Student Aid Association including an overview of the 2014-15 operating budget for the Department of Athletics and annual giving activities. Ms. Yow and Ms. Moose concluded the remarks with a discussion of student fees and the need to build reserves.

Warwick Arden updated the Committee on the Strategic Plan Implementation for fiscal years 2015 – 2017. He recognized Margery Overton, Vice Provost for Academic Strategy, for her role and support in integrating the plan. This is phase two of the strategic plan. The plan was released to campus in October 2014. Ideas for the development of the plan were gathered and generated from various sources including: University leaders, Strategic Resource Management Committee recommendations, required SACS actions and carry-over items from the previous plan. This phase of the plan is longer and more specific than the previous implementation phase. He referred to the pre-materials that identify actions and initiatives, which goal is being
achieved, the year that the action would be implemented and which unit within the university is responsible for each action.

Eileen Goldgeier introduced the topic of compliance and turned the presentation over to Mike Poterala. She noted that Mr. Poterala will be leaving NC State to take the position of General Counsel at University of Maryland. Mr. Poterala showcased the “Compliance and Ethics at NC State” website. He provided the website address http://compliance.ncsu.edu/. This is a collaboration with Internal Audit and is designed to be a tool for maintaining compliance, addressing concerns, receiving reports, and offering support for other risk areas at the University. He thanked the Compliance Officials Working Group for their efforts.

The Committee heard a report from Marc Hoit on Cybersecurity and PCI compliance. He discussed IT strategic planning and enterprise risk areas which consist of data breach and technology disruption. He noted that this is a campus strategic plan, not just an OIT plan. There are six goals that fall into three broad categories, Innovate, Manage and Collaborate. Enterprise Risk areas are comprised of data breaches and technology disruptions. The University cybersecurity strategy includes securing our data and securing our infrastructure. It needs to incorporate security mandates at both the state and federal level, many of which overlap. The University has identified cybersecurity needs in areas such as PCI-DSS, which stands for Payment Card Industry Data Security System and NIST or National Institute of Standards and Technology. Many new federal grants, for example, will require the same security protection as credit cards. Work thus far has included identifying merchant demographics and PCI-DSS attestation. The 2014 attestation showed several areas that are not compliant. New PCI standards will require merchants to either become PCI-DSS compliant with their current business process or change the scope of their business. It’s an opportunity for merchants to look for efficiencies in their business processes. Mr. Hoit also provided a timeline on the PCI-DSS 3.0 Compliance Project. He noted that this timeline addresses only PCI compliance, and does not address NIST. He also discussed challenges to meeting goals which include cost of risk, damage to reputation and manpower.

Chair Clark made reference to additional information in the materials that may be of interest to the Committee.

With no further business, the Committee adjourned at 2:30 p.m.

Submitted by __________________________________________
Secretary to the Committee

Approved __________________________________________
Chair of the Committee
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4.2A
MISSION
STATEMENT

As a research-extensive land-grant university, North Carolina State University is dedicated to excellent teaching, the creation and application of knowledge, and engagement with public and private partners. By uniting our strength in science and technology with a commitment to excellence in a comprehensive range of disciplines, NC State promotes an integrated approach to problem solving that transforms lives and provides leadership for social, economic, and technological development across North Carolina and around the world.
FROM THE CHANCELLOR

The last year has been one of tremendous accomplishment, growth, and national recognition at NC State. Even when facing inevitable challenges, our university has continued to thrive, and through our successes we have built upon our legacy as a leading research-intensive land grant institution. On the whole, NC State has made wonderful progress and is poised to do great things in the year ahead.

The outstanding work taking place at NC State does not go unnoticed. Our university has a tradition of keeping a top-tier education as accessible as possible, and that is once again reflected in this year’s rankings. NC State was listed as a Best Value School by US News & World Report, Kiplinger, and the Princeton Review, even ranking 4th on the latter’s list of Best Values in Public Universities. Living up to our legacy as The People’s University, NC State has continued to provide an exceptional learning experience at while remaining affordable.

The past year also saw some generous gifts enabling NC State to do some truly extraordinary work. For example, the new endowment of the Stephen P Zelnak Dean’s Chair in the Poole College of Management will provide the dean with discretionary funds to invest in areas of potential growth and help take the college to a new level. In our College of Humanities and Social Sciences, a recently announced $8.1 million gift will fund the Khayrallah Center for Lebanese Diaspora Studies, creating a one-of-a-kind international hub for research into Lebanese immigration and influence. The first privately endowed center at NC State will provide a home for scholars and students from around the world, establishing NC State as the premier research and outreach site for the Lebanese diaspora and allowing NC State to engage in vital debates about immigration and its global impacts.

It has also been a landmark year for research partnerships. For example, The Gates Foundation chose NC State to receive a $12.4 million grant to research sweet potatoes as an international food source and the National Nuclear Security Administration picked NC State to lead its Consortium for Nonproliferation Enabling Capabilities. Perhaps most notable was the announcement that the White House selected NC State to lead its $70 million Power America National Innovation Institute. The Institute will be a hub for research on Wide Bandgap Semiconductors, which have the potential to reshape the American energy economy by increasing efficiency in electronics of all kinds. And these are just a few examples of the many outstanding partnerships that our university is creating to better address today’s grand challenges.

We are three years into NC State’s Strategic Plan, and it is easy to see that our work is paying off. The achievements and partnerships of the past year reflect our outlined efforts to enhance scholarship and research by investing in faculty and infrastructure and increase interdisciplinary scholarship to address the grand challenges of society. We have taken necessary steps – the creation of a centralized Division of Academic Affairs and the Creation of the College of Sciences, for example – to pave the way for continued growth and success, and we are now seeing the positive results of these changes. NC State has not only maintained its reputation as a leading education and research university, but has moved beyond that to emerge as a stronger university -- leading the way in innovative and collaborative work.

As we reflect on his year of challenges and success, we also look forward to what the coming years have in store. We are moving into the next stage of our strategic plan and working to ensure that our students and faculty are well supported in all their endeavors. The momentum that we have established will carry us forward as we reach new heights and continue to establish NC State as a world-class university.

Randy Woodson, Chancellor
NC State University
To: Chancellor W. Randolph Woodson and the Board of Trustees
North Carolina State University

I am pleased to present North Carolina State University’s 2014 Annual Financial Report. The report was prepared by Finance and Business staff in accordance with generally accepted accounting principles for public colleges and universities as defined by the Governmental Accounting Standards Board. Within the report is detailed information about the university’s financial activities including current achievements, key financial data for the past five years, complete financial statements with management analysis, and a report from the Office of the State Auditor. Supplemental information includes trend data relating to students, faculty, endowment investments, and debt coverage. The enclosed information is accurate in all material respects and reported in a manner fairly representing the university’s financial position, to the best of our knowledge. The Office of Finance and Business maintains an effective system of internal controls to ensure that assets are safeguarded and transactions are properly executed and recorded.

Financial Report Highlights

- The university’s financial assets were $2.87 billion with net position of $1.92 billion.
- Net position grew by $95.1 million, or 5.2%, during the reporting period.
- Revenues and expenses (operating and non-operating) were $1.37 billion and $1.30 billion, respectively.
- Revenues exceeded expenses by $72.0 million (net income) before capital revenues of $17.0 million and additions to endowments of $6.1 million.
- Revenues increased by $32.3 million, or 2.4%, primarily due to increases in student tuition and fees, sales and services income, investment income, and noncapital gifts.
- State noncapital appropriations decreased $11.0 million, and capital appropriations increased $10.2 million.
- Operating expenses increased by $6.8 million or 0.5%, with auxiliary services, depreciation/amortization, and research showing the largest increases.

NC State has also had a significant year in areas of academics, research, and student life. NC State produced national student scholars and fellows, including three Goldwater Scholars, a Udall Scholar and 17 National Science Foundation graduate research fellows this year. Students will also have even greater research opportunity after President Barack Obama and the U.S. Department of Energy selected NC State to lead a $140 million advanced manufacturing institute to revolutionize energy efficiency and build a clean-energy manufacturing industry. Lastly, this was the first year that students resided on Centennial Campus with the completion of Wolf Ridge, which provides housing and dining options.

These opportunities are made possible by NC State’s commitments to upholding a high standard of fiscal integrity and creating limitless potential for students.

Sincerely,

Charles D. Leffler
Vice Chancellor for Finance and Business
NC State University
PRIDE POINTS

Solution Driven
NC State is one of the nation’s preeminent research institutions, attracting top faculty and students from around the world. Fueled by strong partnerships in both the public and private sectors, NC State’s culture of collaboration inspires faculty and students to confront society’s toughest challenges. For students, every day brings new opportunities to put learning into action and to master the skills they’ll need to succeed in life. The result is a vibrant community, creating economic, societal and intellectual prosperity.

- Largest four-year institution in North Carolina, educating nearly 35,000 students and more in-state residents than any other university
- 2,312 teaching, research and extension faculty
- Cooperative Extension provides service to citizens in all 100 North Carolina counties and the Eastern Band of Cherokee Indians
- More than 60 corporate, nonprofit and government partners are housed on Centennial Campus
- $884 million total endowment
- $417 million in research expenditures

Academic Excellence
At the core of our success is a focus on academic excellence. The quality of NC State’s students, faculty and staff is exceptional, making the university a national leader in teaching, research and outreach that makes a difference.

- Our graduates leave ready to succeed in the workforce: the Wall Street Journal names NC State graduates in the top 20 most desired by recruiters
- 21 faculty are members of the prestigious National Academies
- 3rd-ranked veterinary school in the country
- 100+ student national scholars and fellows over the last five years, including three Goldwater Scholars, a Udall Scholar and 17 National Science Foundation graduate research fellows in 2014

A Great Value
The value of an NC State education sets us apart from other universities. We are consistently recognized as a best value for our combination of outstanding academic quality and affordability.

- A U.S. News & World Report top-10 best value among public universities
- Among a handful of U.S. colleges — and the only one in North Carolina — to be named a top value by Fox Business
- Regularly named by Princeton Review/USA Today and Kiplinger Magazine as a national top-20 best value university
- Because of our value, U.S. News recently ranked us among the top national universities with the lowest debt load for students upon graduation

A Recognized Leader in Higher Education
NC State is one of the nation’s leading universities, recognized for the strength of its scholarship, research and service. Some examples include:

- 10 graduate programs among the top 30 nationally (U.S. News & World Report, 2015)
- 8th in graduate nuclear engineering
- 8th in industry support among all U.S. universities without a medical school

A Powerhouse for Research, Innovation and Economic Impact
As a major public research university, NC State has the expertise to advance practical knowledge, transfer technology to the private sector and find solutions to the world’s most pressing problems. Our high level of research support attracts top faculty, creates unsurpassed learning opportunities for students, draws industry partners and creates tremendous economic benefit for North Carolina.

- Expended $417 million in research activities in FY 2013, placing NC State among the most productive U.S. research universities
- The only university in the nation leading two active National Science Foundation Engineering Research Centers
- Generating $1.7 billion statewide in direct annual economic impact
- 850 U.S. patents and more than 1,500 worldwide, yielding more than 400 consumer products
In the top 15 nationally with more than 800 license agreements with industry partners

100+ spin-off companies — eight in the last year alone — creating thousands of new jobs in North Carolina and across the nation

Venture capital topping $1.5 billion

Winning in Competition and in the Classroom
NC State is experiencing a transformation of its athletics program, achieving new levels of success in competition and in the classroom.

- 381 student-athletes were named NC State scholar athletes (GPA of 3.0 or higher)
- Ranked 41st in the national Director's Cup competitive standings
- Six teams finished the 2011–2012 season ranked in the national top 25: men’s cross-country, baseball, gymnastics, men’s basketball, women’s cross-country and women’s golf
- A record 10 student-athletes were named Academic All-Americans, and 69 were named to conference all-academic teams
- One of five schools nationally to have its football team play in a bowl game, its men’s basketball team reach the NCAA tournament and its baseball team advance to the NCAA Super Regionals

Transformational Alumni
Alumni may leave NC State, but NC State never leaves them. They carry NC State’s mission of education, research and outreach to every field of inquiry and every corner of the globe.

- More than 200,000 living alumni; 120,000 in North Carolina
- Alumni account for $5.6 billion of income in North Carolina annually (2008)
- 64 NC State graduates have gone on to become generals and flag officers in the U.S. military
- Our alumni include a Nobel Peace Prize winner, a former chairman of the Joint Chiefs of Staff and leaders in business, technology, politics, education and a range of other fields

Recent Accolades and Achievements
- NC State startup Aseptia ranked 15th on the prestigious Inc. 500/5000, an annual list of the fastest growing privately held companies in the United States
- NC State received the 2014 APPA Sustainability Award in recognition of sustainability excellence in campus educational facilities
- Awarded a five-year, $25 million federal grant to lead a research consortium to combat the spread of nuclear weapons
- Entered into a six-year, $10 million agreement with Eastman Chemical Company to conduct cutting-edge research in chemistry, materials science and other scientific disciplines
- The U.S. Department of Energy has selected NC State to lead the $140 million Next Generation Power Electronics National Manufacturing Innovation Institute
- The Hunt Library was honored with an innovation award in the 2013 AIA/ALA Library Building Awards
University Net Position

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>$1,159.9</td>
<td>$1,233.2</td>
<td>$1,300.1</td>
<td>$1,221.3</td>
<td>$1,326.7</td>
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<tr>
<td>Restricted Nonexpendable</td>
<td>$71.1</td>
<td>$78.0</td>
<td>$83.0</td>
<td>$86.1</td>
<td>$94.9</td>
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<tr>
<td>Restricted Expendable (1)</td>
<td>$116.9</td>
<td>$140.8</td>
<td>$147.4</td>
<td>$285.8</td>
<td>$241.3</td>
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<tr>
<td>Unrestricted</td>
<td>$166.4</td>
<td>$177.8</td>
<td>$214.4</td>
<td>$230.8</td>
<td>$256.2</td>
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<tr>
<td>Total Net Position</td>
<td>$1,514.3</td>
<td>$1,629.8</td>
<td>$1,744.9</td>
<td>$1,824.0</td>
<td>$1,919.1</td>
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Gifts

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</thead>
<tbody>
<tr>
<td>Noncapital Gifts</td>
<td>$44.1</td>
<td>$50.6</td>
<td>$57.8</td>
<td>$59.4</td>
<td>$66.3</td>
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<tr>
<td>Capital Gifts</td>
<td>$5.3</td>
<td>$5.1</td>
<td>$6.3</td>
<td>$5.1</td>
<td>$2.8</td>
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Contracts & Grants

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</tr>
</thead>
<tbody>
<tr>
<td>Federal Contracts &amp; Grants</td>
<td>$115.0</td>
<td>$123.8</td>
<td>$132.0</td>
<td>$136.0</td>
<td>$140.7</td>
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<tr>
<td>State and Local Contracts and Grants</td>
<td>$32.6</td>
<td>$38.1</td>
<td>$38.8</td>
<td>$35.5</td>
<td>$35.3</td>
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<tr>
<td>Nongovernmental Contracts and Grants</td>
<td>$51.9</td>
<td>$61.6</td>
<td>$75.0</td>
<td>$72.5</td>
<td>$71.8</td>
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<td>Total Contracts and Grants</td>
<td>$199.5</td>
<td>$223.5</td>
<td>$245.8</td>
<td>$244.0</td>
<td>$247.8</td>
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Appropriations and Tuition and Fees

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<tr>
<td>Federal Appropriations</td>
<td>$18.5</td>
<td>$16.8</td>
<td>$19.4</td>
<td>$18.7</td>
<td>$19.8</td>
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<td>State Appropriations for Operations</td>
<td>$472.0</td>
<td>$478.4</td>
<td>$466.1</td>
<td>$484.0</td>
<td>$473.0</td>
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<tr>
<td>State Appropriations for Capital Projects</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$2.1</td>
<td>$12.2</td>
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<tr>
<td>Tuition and Fees (Gross)</td>
<td>$225.1</td>
<td>$269.0</td>
<td>$293.3</td>
<td>$321.5</td>
<td>$336.0</td>
</tr>
<tr>
<td>Foundation Support</td>
<td>$36.6</td>
<td>$43.9</td>
<td>$49.7</td>
<td>$53.9</td>
<td>$56.9</td>
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<tr>
<td>Endowment Investments</td>
<td>$143.1</td>
<td>$161.4</td>
<td>$161.4</td>
<td>$177.4</td>
<td>$205.0</td>
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<tr>
<td>Investment Fund Return</td>
<td>11.44%</td>
<td>14.95%</td>
<td>2.60%</td>
<td>11.9%</td>
<td>15.7%</td>
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Capital Assets

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<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total University Capital Assets</td>
<td>$2,054.8</td>
<td>$2,238.2</td>
<td>$2,384.5</td>
<td>$2,584.9</td>
<td>$2,732.0</td>
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<tr>
<td>Total University Capital Assets, Net of Accumulated Depreciation</td>
<td>$1,451.7</td>
<td>$1,587.2</td>
<td>$1,713.8</td>
<td>$1,857.6</td>
<td>$1,948.8</td>
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University Debt

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<tr>
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<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Short-term Debt</td>
<td>$0.0</td>
<td>$10.0</td>
<td>$50.0</td>
<td>$0.0</td>
<td>$10.0</td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>$323.1</td>
<td>$311.3</td>
<td>$296.1</td>
<td>$528.7</td>
<td>$513.6</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>$23.7</td>
<td>$80.1</td>
<td>$81.1</td>
<td>$79.5</td>
<td>$80.6</td>
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</tbody>
</table>

Estimated Expenses for Full-Time Students Living on Campus - N.C. Residents (dollars are in whole numbers)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>$5,527</td>
<td>$6,529</td>
<td>$7,018</td>
<td>$7,788</td>
<td>$8,206</td>
</tr>
<tr>
<td>Books and Supplies</td>
<td>$950</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,058</td>
</tr>
<tr>
<td>Room Rent (Average)</td>
<td>$4,798</td>
<td>$4,976</td>
<td>$5,176</td>
<td>$5,434</td>
<td>$6,034</td>
</tr>
<tr>
<td>Meals (Average)</td>
<td>$3,168</td>
<td>$3,178</td>
<td>$3,360</td>
<td>$2,980</td>
<td>$3,400</td>
</tr>
<tr>
<td>Other Personal Expenses</td>
<td>$1,450</td>
<td>$1,994</td>
<td>$2,083</td>
<td>$2,668</td>
<td>$2,700</td>
</tr>
<tr>
<td>Transportation</td>
<td>$874</td>
<td>$750</td>
<td>$751</td>
<td>$774</td>
<td>$786</td>
</tr>
<tr>
<td>Total</td>
<td>$16,767</td>
<td>$18,427</td>
<td>$19,388</td>
<td>$20,644</td>
<td>$22,184</td>
</tr>
</tbody>
</table>

1. Sources for funding Restricted Expendable Net Assets include gifts, contracts and grants, unexpended capital appropriations, endowment income, unexpended debt proceeds, required reserves, and loan funds.
### EXECUTIVE OFFICERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>University Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. Randolph Woodson</td>
<td>Chancellor</td>
<td></td>
</tr>
<tr>
<td>Warwick Arden</td>
<td>Provost and Executive Vice Chancellor</td>
<td></td>
</tr>
<tr>
<td>Deborah A. Yow</td>
<td>Director of Athletics</td>
<td></td>
</tr>
<tr>
<td>Eileen Goldgeier</td>
<td>Vice Chancellor and General Counsel</td>
<td></td>
</tr>
<tr>
<td>Marc Hoit</td>
<td>Vice Chancellor for Information Technology</td>
<td></td>
</tr>
<tr>
<td>Kevin D. Howell</td>
<td>Assistant to the Chancellor for External Affairs</td>
<td></td>
</tr>
<tr>
<td>Brian C. Sischo</td>
<td>Vice Chancellor for University Advancement</td>
<td></td>
</tr>
<tr>
<td>Charles D. Leffler</td>
<td>Vice Chancellor for Finance and Business</td>
<td></td>
</tr>
<tr>
<td>Terri Lomax</td>
<td>Vice Chancellor for Research, Innovation and Economic Development</td>
<td></td>
</tr>
<tr>
<td>Michael D. Mullen</td>
<td>Vice Chancellor and Dean for the Division of Academic and Student Affairs</td>
<td></td>
</tr>
<tr>
<td>PJ Teal</td>
<td>Secretary of the University</td>
<td></td>
</tr>
</tbody>
</table>

### DEANS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>University Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Linton</td>
<td>Dean of College of Agriculture and Life Sciences</td>
<td></td>
</tr>
<tr>
<td>Marvin J. Malecha</td>
<td>Dean of College of Design</td>
<td></td>
</tr>
<tr>
<td>M. Jayne Fleener</td>
<td>Dean of College of Education</td>
<td></td>
</tr>
<tr>
<td>Louis Martin-Vega</td>
<td>Dean of College of Engineering</td>
<td></td>
</tr>
<tr>
<td>Rebeca C. Rufty</td>
<td>Interim Dean of Graduate School</td>
<td></td>
</tr>
<tr>
<td>Jeffrey Braden</td>
<td>Dean of College of Humanities and Social Sciences</td>
<td></td>
</tr>
<tr>
<td>Ira R. Weiss</td>
<td>Dean of Poole College of Management</td>
<td></td>
</tr>
<tr>
<td>Mary Watzin</td>
<td>Dean of College of Natural Resources</td>
<td></td>
</tr>
<tr>
<td>Daniel L. Solomon</td>
<td>Dean of College of Sciences</td>
<td></td>
</tr>
<tr>
<td>A. Blanton Godfrey</td>
<td>Dean of College of Textiles</td>
<td></td>
</tr>
<tr>
<td>Michael D. Mullen</td>
<td>Vice Chancellor and Dean for the Division of Academic and Student Affairs</td>
<td></td>
</tr>
<tr>
<td>D. Paul Lunn</td>
<td>Dean of College of Veterinary Medicine</td>
<td></td>
</tr>
</tbody>
</table>
FINANCIAL SECTION

NORTH CAROLINA STATE UNIVERSITY

2014 ANNUAL FINANCIAL REPORT
INDEPENDENT AUDITOR’S REPORT

Board of Trustees
North Carolina State University
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of North Carolina State University, a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, and its discretely presented component units, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements as listed in the table of contents.

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.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the NC State Investment Fund, Inc., which represent 12 percent, 9 percent, and 3 percent, respectively, of the assets, net position, and revenues of the University; nor the financial statements of the North Carolina State University Foundation, Inc., the NC State Student Aid Association, Inc., or The North Carolina Agricultural Foundation, Inc., the University’s discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The
INDEPENDENT AUDITOR’S REPORT (CONTINUED)

financial statements of the North Carolina State University Foundation, Inc. and the NC State Student Aid Association, Inc. were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s 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 University’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 University’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of North Carolina State University and its discretely presented component units, as of June 30, 2014, and the changes in financial position and, where applicable, cash flows thereof for the year 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 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.
INDEPENDENT AUDITOR’S REPORT (CONCLUDED)

Other Information

The introductory and supplementary sections are presented for purposes of additional analysis and are not required as part of the basic financial statements. This 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. The introductory and supplementary sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2014 on our consideration of the University’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University’s internal control over financial reporting and compliance. The report on internal control and compliance has been issued under a separate cover in the Financial Statement Audit Report of North Carolina State University published by this office.

Beth A. Wood, CPA
State Auditor
Raleigh, North Carolina
November 7, 2014
Management’s Discussion and Analysis

Introduction

Management’s Discussion and Analysis of the financial report provides an overview of the accompanying basic financial statements. It includes comparative financial analysis with discussion of significant changes from the prior year. The overview also includes information on currently known facts, decisions, or conditions affecting the financial affairs of the University.

Financial Highlights

NC State University’s net position increased by $95.1 million to $1.92 billion in fiscal year 2014. Net position represents the University’s equity. It is the residual of all the other elements of the statement of financial position, the assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net investment in capital assets increase of $105.4 million was the major factor in the overall 5.2% increase in net position. In a related net position change, the restricted expendable net position decreased $44.5 million, primarily due to the proceeds from bond issuances being spent for the capital projects. The unrestricted net position balance increased by $25.4 million.

Revenues increased by $32.3 million, or 2.4%, to $1.37 billion in fiscal year 2014. Revenues represent amounts received or accrued that are either operating or nonoperating on the accompanying financial statements. Increases in tuition and fees, sales and services, federal contracts and grants, investment income and gifts were the primary factors in the revenue growth. These increases were partially offset by decreases in state appropriations.

Operating expenses held steady in fiscal year 2014, up just $6.8 million or 0.5% compared to fiscal year 2013. Operating expenses represent amounts paid or accrued for operating purposes. Auxiliary services, depreciation/amortization and research showed the largest increases, while other functional categories had small increases or decreases.

Using the Financial Statements

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

North Carolina State University is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the state of North Carolina and an integral part of the State’s Comprehensive Annual Financial Report. Also, NC State blends two component units as if they were part of the University, and three entities are reported as discretely presented component units based on the nature and significance of their relationship to the University. Note 1A provides detailed information on the University’s financial reporting entity.

The University’s three financial statements are used to evaluate financial position as of June 30th and the results of operations for the fiscal year then ended. The Statement of Net Position provides information relative to the evaluation of financial position. The Statement of Revenues, Expenses, and Changes in Net Position provides information relative to the evaluation of the results of operations. Its ending net position agrees to the total net position on the Statement of Net Position.

The financial statements also include a Statement of Cash Flows. This statement is used to identify the University’s sources and uses of cash. The ending cash on the Statement of Cash Flows agrees to the total cash reported on the Statement of Net Position. Also, this statement reconciles the net operating loss reported in the Statement of Revenues, Expenses, and Changes in Net Position to the net cash used by operating activities.

In using the financial statements, the Notes to the Financial Statements accompanying the financial statements should be read in conjunction with the financial statements. The notes provide information regarding the significant accounting principles applied in the financial statements, authority for and associated risk of deposits and investments, detailed information on long-term liabilities, detailed information on accounts receivable, accounts payable, revenues and expenses, required information on pension plans and other postemployment benefits, insurance against losses, commitments and contingencies, and accounting changes. If necessary, the disclosures include a discussion of adjustments to prior periods and events subsequent to the University’s
financial statement period. Overall, these disclosures provide information to better understand details, risk, and uncertainty associated with amounts reported in the financial statements.

COMPARATIVE CONDENSED FINANCIAL STATEMENT INFORMATION

Statement of Net Position

The Statement of Net Position provides information regarding the University’s assets, deferred outflows and inflows of resources, liabilities, and net position as of June 30, 2014. Asset and liability balances are classified as either current or noncurrent. Assets classified as current are those that are available to pay for current liabilities or current year expenditures. Liabilities classified as current are those that are due and payable in the next fiscal year. The net position balances are classified as either net investment in capital assets, restricted or unrestricted. In addition, net position balances classified as restricted are classified as either nonexpendable or expendable. Overall, the Statement of Net Position provides information to evaluate the financial strength of the University and its ability to meet current and long-term obligations.

Following is a comparative analysis on the condensed balances reported in the Statement of Net Position as of June 30, 2013, and June 30, 2014.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$440,890,682</td>
<td>$432,773,142</td>
<td>$8,117,540</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>1,948,828,394</td>
<td>1,857,583,114</td>
<td>91,245,280</td>
</tr>
<tr>
<td>Other Noncurrent Assets</td>
<td>477,432,595</td>
<td>482,324,682</td>
<td>(4,892,087)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,867,151,671</td>
<td>2,772,680,938</td>
<td>94,470,733</td>
</tr>
<tr>
<td><strong>Deferred Outflows of Resources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Decrease in Fair Value of Hedging Derivatives</td>
<td>11,972,586</td>
<td>12,215,623</td>
<td>(243,037)</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>108,207,622</td>
<td>119,556,573</td>
<td>(11,348,951)</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>851,844,663</td>
<td>841,328,178</td>
<td>10,516,485</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>960,052,285</td>
<td>960,884,751</td>
<td>(832,466)</td>
</tr>
<tr>
<td><strong>Deferred Inflows of Resources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>1,326,687,511</td>
<td>1,221,318,466</td>
<td>105,369,045</td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonexpendable</td>
<td>94,889,611</td>
<td>86,139,016</td>
<td>8,750,595</td>
</tr>
<tr>
<td>Expendable</td>
<td>241,254,150</td>
<td>285,752,034</td>
<td>(44,497,884)</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>256,240,700</td>
<td>230,802,294</td>
<td>25,438,406</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$1,919,071,972</td>
<td>$1,824,011,810</td>
<td>$95,060,162</td>
</tr>
</tbody>
</table>

2014 NORTH CAROLINA STATE UNIVERSITY FINANCIAL REPORT
The following graph illustrates the assets, deferred outflows, liabilities and net position of the University as of June 30, 2014, as compared to June 30, 2013 (in thousands).

Assets totaled $2.87 billion, an increase of $94.5 million over the prior year. This change in assets includes capital asset growth of $91.3 million, an increase in current assets of $8.1 million and a decrease in other noncurrent assets of $4.9 million.

The capital asset growth of $91.3 million is due to construction funding from capital grants and gifts and the spending of proceeds from prior year capital financing. The University received $14.2 million in capital grant and appropriation resources and $2.8 million in capital gifts in 2014. However, the capital grant funding was down $23.0 million due to a drop in the State bond/certificate of participation program funding. The major source for the capital growth was spending down of the 2013 bond proceeds for capital projects.

Current assets increased by $8.1 million in fiscal year 2014. This increase was primarily the result of an increase in $8.0 million in accounts receivable. The increase in accounts receivable is related to an increase in federal contract and grant receivables caused by new federal awards for research and development and amounts that were not yet drawn down by the University at June 30, 2014. Other current asset accounts showed small increases or decreases.

The $4.9 million decrease in other noncurrent assets is made up of decreases in restricted cash and offsetting increases in endowment investments and noncurrent restricted investments. Restricted cash decreased $53.8 million, primarily due to the spending down of the proceeds from the University’s February 2013 Series 2013A and Series 2013B bond issuances. Endowment investments increased $27.6 million and noncurrent restricted investments increased $21.2 million, both due to improved market conditions and new gifts.

The deferred outflow of resources for the University’s swap agreements is shown in a separate section of the financial statements based on GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which was implemented in fiscal year 2013. The $0.2 million decrease in the deferred outflow of resources is based on market fluctuations.

Liabilities totaled $960.1 million, a decrease of $0.8 million over the prior year. The decrease in liabilities is attributable to a decrease in current liabilities of $11.3 million.
and an increase in noncurrent liabilities of $10.5 million.

Current liabilities totaled $108.2 million. These liabilities include accounts payable and accrued liabilities, due to other entities, unearned revenue, and the current portion of University debt. The current liabilities decrease of $11.3 million was primarily caused by $14.8 million decrease in accounts payable and a $6.7 million drop in amounts due to primary government. This payables drop was caused by lower construction-related payables as several major building projects were completed. Payroll related accruals also dropped as benefit liabilities were paid before June 30. Also, departments completed their transactions earlier this year reducing general payables. These payable decreases were partially offset by a $10.0 million increase in short-term debt, as commercial paper of this amount was issued in 2014.

Noncurrent liabilities totaled $851.8 million, and include accounts payable, deposits payable, funds held for other entities, funds held in trust in the investment pool, long-term debt, compensated absences and the hedging derivative liability. The primary factor in the $10.5 million increase in noncurrent liabilities was growth in funds held in trust for investment pool participants and funds held for others. Together, these two accounts increased by $27.3 million, caused by changes in participant deposits and market values of the investments held. Partially offsetting these increases were decreases in long-term liabilities of $15.5 million, mostly due to regular and expected debt payments. The hedging derivative liability increases and decreases due to market and showed a small decrease in fiscal year 2014. Other noncurrent liabilities increased or decreased by small amounts.

Net position totaled $1.92 billion, an increase of $95.1 million over the prior year. Net investment in capital assets rose $105.4 million to $1.33 billion as capital projects were completed and equipment was capitalized during the fiscal year. Unrestricted net position also increased by $25.4 million, with major factors being tuition and fees and sales and services revenues. Restricted nonexpendable net position rose $8.8 million with increases in endowed professorships and departmental uses. However, restricted expendable net position fell by $44.5 million, primarily caused by a $68.0 million drop in the capital projects net position. Again, this large decrease is related to the spending down of the 2013 bond proceeds and the corresponding increase in net investment in capital assets. The capital projects decrease was partially offset by increases in endowed professorships, departmental uses, scholarship and fellowship and debt service net positions.

The University’s current assets are more than sufficient to cover current liabilities, with a ratio of 4.1 times compared to 3.6 times in the prior year. The University’s total assets are significantly more than the University’s liabilities with a ratio of 3.0 times as compared to 2.9 times in the prior year. These financial ratios are indicators of NC State’s financial strength and its ability to meet current and long-term obligations.
Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides information regarding the University’s activities for the year ending June 30, 2014. The activity balances are classified as operating, nonoperating, or other. Activities classified as operating include all revenues of the University except those considered nonoperating or those associated with funds received to enhance capital assets or permanent endowments. Operating expenses are all expenses except those related to interest expense on financing activities, loss on disposal of capital assets, and investment expenses (shown as net against investment income). Activities classified as nonoperating include state appropriations, noncapital gifts and grants revenue, investment income (net of investment expenses), and gains or losses on disposal of capital assets. Activities classified as other include capital gifts or grants and additions to permanent endowments. Overall, the Statement of Revenues, Expenses, and Changes in Net Position provides information to evaluate the University’s management of operations and maintenance of financial strength.

Following is a comparative analysis on the condensed balances reported in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2014, and June 30, 2013. The 2013 balances were restated to be consistent with the current year presentation of including student financial aid grants in one caption, Noncapital Grants – Student Financial Aid.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>Restated 2013</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Tuition and Fees, Net</td>
<td>$254,088,086</td>
<td>$242,771,900</td>
<td>$11,316,186</td>
</tr>
<tr>
<td>Federal Appropriations</td>
<td>19,849,729</td>
<td>18,723,388</td>
<td>1,126,341</td>
</tr>
<tr>
<td>Sales and Services, Net</td>
<td>212,574,989</td>
<td>201,346,622</td>
<td>11,228,367</td>
</tr>
<tr>
<td>Other</td>
<td>18,287,529</td>
<td>16,307,078</td>
<td>1,980,451</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>752,731,216</td>
<td>723,135,213</td>
<td>29,596,003</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>813,311,685</td>
<td>802,243,208</td>
<td>11,068,477</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td>112,422,816</td>
<td>130,090,658</td>
<td>(17,667,842)</td>
</tr>
<tr>
<td>Services</td>
<td>200,405,753</td>
<td>196,058,974</td>
<td>4,346,779</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>45,125,241</td>
<td>47,507,403</td>
<td>(2,382,162)</td>
</tr>
<tr>
<td>Utilities</td>
<td>36,820,865</td>
<td>34,337,800</td>
<td>2,483,065</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>77,866,410</td>
<td>68,939,780</td>
<td>8,926,630</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>1,285,952,770</td>
<td>1,279,177,823</td>
<td>6,774,947</td>
</tr>
<tr>
<td><strong>Net Operating Loss</strong></td>
<td>(533,221,554)</td>
<td>(556,042,610)</td>
<td>22,821,056</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>473,005,231</td>
<td>484,021,602</td>
<td>(11,016,371)</td>
</tr>
<tr>
<td>Noncapital Grants - Student Financial Aid</td>
<td>48,015,586</td>
<td>47,904,557</td>
<td>111,029</td>
</tr>
<tr>
<td>Other Noncapital Grants and Gifts</td>
<td>67,380,735</td>
<td>60,671,345</td>
<td>6,709,390</td>
</tr>
<tr>
<td>Investment Income</td>
<td>26,327,347</td>
<td>18,617,624</td>
<td>7,709,723</td>
</tr>
<tr>
<td>Other</td>
<td>(9,506,065)</td>
<td>(13,000,902)</td>
<td>3,494,837</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues</strong></td>
<td>605,222,834</td>
<td>598,214,226</td>
<td>7,008,608</td>
</tr>
<tr>
<td><strong>Gain Before Other Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Appropriations, Gifts, and Grants</td>
<td>72,001,280</td>
<td>42,171,616</td>
<td>29,829,664</td>
</tr>
<tr>
<td>Additions to Permanent Endowments</td>
<td>17,002,639</td>
<td>32,142,089</td>
<td>(15,139,450)</td>
</tr>
<tr>
<td><strong>Increase in Net Position</strong></td>
<td>95,060,162</td>
<td>79,105,236</td>
<td>15,954,926</td>
</tr>
</tbody>
</table>
### Operating and Nonoperating Activities

The following illustrates the relationship of operating and nonoperating revenue sources and expense functions to total revenues/expenses for the fiscal year 2014 and 2013, and the consistency of relationships between the two years.

#### OPERATING AND NONOPERATING REVENUES

<table>
<thead>
<tr>
<th>Title</th>
<th>% to Total 2014</th>
<th>% to Total Restated 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td>Research Contracts and Grants</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Student Tuition and Fees</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Noncapital Grants and Gifts</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Federal Appropriations</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

#### OPERATING AND NONOPERATING EXPENSES

<table>
<thead>
<tr>
<th>Title</th>
<th>% to Total 2014</th>
<th>% to Total Restated 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Research</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Public Service</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Operations &amp; Maintenance of Plant</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Student Services</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
The following graphs illustrate the University’s operating and nonoperating revenues/expenses by source/function (in thousands).

OPERATING AND NONOPERATING REVENUES

<table>
<thead>
<tr>
<th>Source/Function</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>492,855</td>
<td>502,745</td>
</tr>
<tr>
<td>Student Tuition and Fees</td>
<td>254,088</td>
<td>242,772</td>
</tr>
<tr>
<td>Research Contracts and Grants</td>
<td>247,931</td>
<td>243,986</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>212,575</td>
<td>201,347</td>
</tr>
<tr>
<td>Other</td>
<td>161,137</td>
<td>145,430</td>
</tr>
</tbody>
</table>

OPERATING AND NONOPERATING EXPENSES

<table>
<thead>
<tr>
<th>Source/Function</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction and Academic Support</td>
<td>458,726</td>
<td>472,340</td>
</tr>
<tr>
<td>Research and Public Service</td>
<td>359,017</td>
<td>360,765</td>
</tr>
<tr>
<td>Student Services and Financial Assistance</td>
<td>71,558</td>
<td>72,599</td>
</tr>
<tr>
<td>Institutional Support and Operations &amp; Maintenance</td>
<td>164,612</td>
<td>161,952</td>
</tr>
<tr>
<td>Auxiliary Costs</td>
<td>154,172</td>
<td>142,582</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>77,866</td>
<td>68,940</td>
</tr>
<tr>
<td>Other</td>
<td>10,632</td>
<td>14,931</td>
</tr>
</tbody>
</table>
Total revenues (operating and nonoperating) increased $32.3 million or 2.4% compared to the prior year. Student tuition and fees increased $11.3 million, as rates increased in 2014 for resident and nonresident students. Sales and services revenues were also up $11.2 million or 5.6%, with increases in various services including housing, veterinary services, dining and athletics. Research contracts and grants rose by $3.9 million, primarily in federal contracts and grants. With the gradual improvement in the economy, investment income increased $7.7 million and noncapital gifts were up $7.0 million. However, state appropriations decreased $11.0 million in 2014 with the continuing cuts to State budgets.

Total expenses (operating and nonoperating) increased $2.5 million or 0.2% compared to the prior year. Salaries and benefits increased $11.1 million or 1.4% in 2014. There were no legislative increases in 2014 but other salary increases, increases in the related benefits, and a small increase in the University’s required contribution to the employee retirement plan contributed to the salaries growth. The largest salary increases were in instruction and research. As capital assets rose, the related depreciation/amortization expense also increased by $8.9 million or 12.9%. Services increased by $4.3 million or 2.2%, with the largest increases in auxiliary enterprises, including increases for athletics, housing, security technology, transportation and dining. Offsetting these and other smaller increases to expenses, supplies fell $17.7 million, as more assets were capitalized and departments dealt with budget cuts. Other nonoperating expenses decreased by $3.5 million, primarily caused by an increase in capitalized interest moving interest expenses to capital assets.

Other Activity

Other activity totaled $23.1 million, down $13.9 million from the prior year. Capital grants decreased by $23.0 million, primarily in state bond/COPs aid. However the University did receive an additional $10.2 million from the State in capital appropriations. Capital gifts fell $2.3 million offsetting the $1.3 million increase in additions to permanent endowments.

Capital Assets and Long-Term Debt Activities

Capital Assets

The University capitalizes assets that have a value or cost equal to or greater than $5,000 at the date of acquisition and an expected useful life of more than one year except for internally generated software which is capitalized when the value or cost is $1,000,000 or greater and other intangible assets which are capitalized when the value or cost is $100,000 or greater. Repairs and renovations that do not extend the life of the building beyond the expected useful life at acquisition, nor increase the future service potential of the building are expensed and not capitalized.

Machinery and equipment are depreciated over their estimated useful lives, generally 4 to 22 years beginning in the year of acquisition. Buildings and general infrastructure are depreciated over their estimated useful lives, generally 10 to 50 years for buildings and 15 to 75 years for general infrastructure beginning in the year that the construction is completed or, if purchased after construction, when acquired. Computer software is amortized over a useful life of 2 to 15 years. Land, construction in progress, and computer software in development are nondepreciable capital assets. When a construction project is completed, the capital project costs are moved from the construction in progress account to either buildings or general infrastructure as appropriate.

As shown in the following table, the University increased its net capital assets by $91.2 million during fiscal year 2014.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$38,811,135</td>
<td>$36,617,019</td>
<td>$2,194,116</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>128,566,044</td>
<td>247,093,834</td>
<td>$(118,527,790)</td>
</tr>
<tr>
<td>Computer Software in Development</td>
<td>873,929</td>
<td>6,220,164</td>
<td>$(5,346,235)</td>
</tr>
<tr>
<td>Buildings</td>
<td>2,013,740,521</td>
<td>1,770,800,729</td>
<td>242,939,792</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>332,699,146</td>
<td>319,886,981</td>
<td>12,812,165</td>
</tr>
<tr>
<td>General Infrastructure</td>
<td>202,218,931</td>
<td>197,094,366</td>
<td>5,124,565</td>
</tr>
<tr>
<td>Computer Software</td>
<td>15,100,783</td>
<td>7,235,422</td>
<td>7,865,361</td>
</tr>
<tr>
<td>Total Capital Assets</td>
<td>2,732,010,489</td>
<td>2,584,948,515</td>
<td>147,061,974</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(783,182,095)</td>
<td>(727,365,401)</td>
<td>$(55,816,694)</td>
</tr>
<tr>
<td>Net Capital Assets</td>
<td>$1,948,828,394</td>
<td>$1,857,583,114</td>
<td>$91,245,280</td>
</tr>
</tbody>
</table>
In addition to costs incurred, the University had $34,242,511 in outstanding commitments for construction projects with an additional $341,744 in software in development contract commitments as of June 30, 2014.

During fiscal year 2014 NC State continued to build new facilities and work on renovations to modernize campus. Funding for these improvements came from funds provided by University debt financing, capital appropriations, gifts and state bonds and certificates of participation.

Following are some of the major construction projects that were completed or were in progress as of June 30, 2014:

Wolf Ridge Apartments, the first student housing ever built on Centennial Campus was completed in 2014. These six buildings total 550,446 square feet and offer space for 1,195 beds for upper-division and graduate students. Wolf Ridge combines modern architectural innovations, sustainable features and other amenities such as on-site dining at the new On the Oval facility, 24 hour desk service, The Packshop bookstore and a fitness center. This new complex provides Silver LEED certified green living spaces with unparalleled convenience to the NCSU community.

The six buildings, Tower Hall, Plaza Hall, Innovation Hall, Valley Hall, Grove Hall and Lakeview Hall, have two, three and four bedroom apartments and graduate studio lofts available. ADA accessible apartments are also available. Sustainability is one of the key features of these buildings. The property will have green rooftops, green spaces for community events, a 50,000 gallon cistern (which will use rain water and condensate from air conditioning units to address irrigation needs) and other elements that make it a leader in sustainable development.

Innovation Hall houses the Albright Entrepreneurs Living and Learning Village providing upper classman and graduate students across all academic disciplines the opportunity to live, socialize and work with entrepreneurial-minded students. Residents can explore and develop their entrepreneurial interests in an environment that fosters creativity and encourages innovation. It also includes the EI Garage, a business creation and prototyping space for N.C. State students with a passion for entrepreneurship. It provides students a community to work within the context of real-world problems to find solutions to critical thinking, creative problem solving and new business creation. The EI Garage includes a prototyping studio, shop areas, breakout rooms and a work yard/patio outdoor area.

The University completed major upgrades of the Yarbrough Drive Steam Plant and Cates Utility Plant. These renovations were made to improve efficiency, capacity and reliability, replace inefficient boilers and waste reduction by using the existing facilities.

Yarbrough Drive Steam Plant is one of the older buildings on campus dating to the 1920’s, and it used a great amount of energy and generated a lot of heat. The University is attempting LEED Silver Certification by replacing inefficient boilers, providing improved ventilation, repairing the building envelope, and managing construction materials. By renovating a previously existing building, demolition waste is reduced and an iconic, historically significant structure is maintained. Energy savings is met by restoring windows, which reduces the amount of demolition waste, the historical quality of the building is maintained as is the reduction of need for artificial lighting.

Cates Utility Plant renovation replaces inefficient boilers with high efficiency gas combustion turbines and heat recovery steam generators that will cogenerate steam and electricity. A high efficiency centrifugal chiller and cooler tower were added to replace older, less efficient equipment. This new chilled water equipment will add capacity, reliability and improve the efficiency of the Utility Plant.

Major renovation work continues on the Talley Student center. Some of the major benefits of this renovation will be expanded food service operations, a new location for the main NC State Bookstores, larger, a more flexible Grand Ballroom, more outdoor space, improved information services, and more lounge areas complete with Wi-Fi access and more power outlets. The new Talley will be LEED Silver Certified. Work is estimated to be completed in the spring of 2015.

### Long-Term Debt Activities

The University incurs long-term debt to finance construction projects, to purchase equipment using lease arrangements and to provide for accumulated unused vacation benefits for employees. As shown in the following chart, the University decreased its long-term debt during fiscal year 2014.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Increase/ Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds Payable</td>
<td>$513,605,465</td>
<td>$528,657,664</td>
<td>$(15,052,189)</td>
</tr>
<tr>
<td>Capital Lease Payable</td>
<td>566,674</td>
<td>630,801</td>
<td>$(64,127)</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>80,591,566</td>
<td>79,497,894</td>
<td>1,093,672</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>62,743,620</td>
<td>62,849,417</td>
<td>$(105,797)</td>
</tr>
<tr>
<td><strong>Total Long-term Liabilities</strong></td>
<td>$657,073,325</td>
<td>$671,635,766</td>
<td>$(14,128,441)</td>
</tr>
</tbody>
</table>

Long-term liabilities fell by $14.1 million, primarily due to regular scheduled bond principal payments. There was a new $3.0 million note for the Carol Johnson Pool Clubhouse, but that was also partially offset by note principal payments. Compensated absences and capital lease both had small decreases.
Economic Factors That Will Affect the Future

The State of North Carolina continues to experience little growth in state revenues, which have been diminished somewhat by recent tax reform legislation passed by the 2013 General Assembly. The state’s unemployment rate is 6.5% (July, 2014) which is above the national average of 6.2%. The state’s Medicaid expenditures continue to exceed budgeted levels, which adds additional strain to the state budget.

The North Carolina General Assembly passed and the Governor signed a 2014-15 Appropriation Bill that reduced NC State University’s state appropriated funds by $7.1 million for 2014-15. The Appropriation bill included recurring state operating funds of $4.7 million for anticipated 2014-15 enrollment change, although in future years the University is planning for only very gradual enrollment growth that is focused on graduate students. The University received $2 million for repairs and renovations for facilities and infrastructure, $4 million for salary increases and associated benefits, and $10.3 million in additional tuition receipts from increases approved by the UNC Board of Governors in February, 2014. The University administration has elected to absorb the 2014-15 budget reduction through University reserve funds but directed the campus deans and unit administrators to provide salary increases averaging 3% to faculty and professional staff.

Due to the significant tax changes and uncertainty of Medicaid costs noted above, it is too early in the fiscal year to obtain a reasonable measure of the State budget for fiscal year 2014-15. However, the state’s 2014-15 appropriation includes $250 million of unobligated funds. It is also too early in the fiscal year to ignore the potential for additional state budget reversions or reductions, especially if the state’s unemployment rate grows or the national economy falters dramatically. By covering this year’s state budget reduction with University reserves the remaining unallocated University reserves are minimal which may challenge the University administration in absorbing shortfalls in tuition collections or significant one-time costs related to natural disasters or other unforeseen events.

The University’s projected enrollment growth through 2020 has been revised to flatten and somewhat stabilize undergraduate and master’s degree enrollment with a focus on growing doctoral enrollment, especially in the STEM (Science, Technology, Engineering, Mathematics) disciplines. The quality of the undergraduate student body continues to increase and retention and graduation rates have improved with graduating student debt at a very modest level among major public research universities. The University continues to be rated as one of the country’s best values in higher education according to Kiplinger’s Best College Values, The Princeton Review, and the Fiske Guide.
UNIVERSITY FINANCIAL STATEMENTS

NORTH CAROLINA STATE UNIVERSITY

2014 ANNUAL FINANCIAL REPORT
## NORTH CAROLINA STATE UNIVERSITY

**Statement of Net Position**

**June 30, 2014**

### ASSETS

**Current Assets:**
- Cash and Cash Equivalents: $255,320,189
- Restricted Cash and Cash Equivalents: 98,681,826
- Receivables, Net (Note 4): 65,961,586
- Due from Primary Government: 8,195,104
- Due from State of North Carolina Component Units: 4,044,198
- Inventories: 5,434,427
- Notes Receivable, Net (Note 4): 3,253,352

Total Current Assets: 440,890,682

**Noncurrent Assets:**
- Restricted Cash and Cash Equivalents: 95,140,075
- Endowment Investments: 205,009,696
- Restricted Investments: 168,040,853
- Other Investments: 25,585
- Notes Receivable, Net (Note 4): 9,216,386
- Capital Assets - Nondepreciable (Note 5): 168,251,108
- Capital Assets - Depreciable, Net (Note 5): 1,780,577,286

Total Noncurrent Assets: 2,426,260,989

**Total Assets:** 2,867,151,671

### DEFERRED OUTFLOWS OF RESOURCES

- Accumulated Decrease in Fair Value of Hedging Derivatives (Note 9): 11,972,586

### LIABILITIES

**Current Liabilities:**
- Accounts Payable and Accrued Liabilities (Note 6): 39,497,389
- Due to Primary Government: 247,178
- Due to State of North Carolina Component Units: 469,764
- Unearned Revenue: 33,906,452
- Interest Payable: 4,587,261
- Short-Term Debt (Note 7): 10,000,000
- Long-Term Liabilities - Current Portion (Note 8): 19,499,578

Total Current Liabilities: 108,207,622

**Noncurrent Liabilities:**
- Accounts Payable and Accrued Liabilities (Note 6): 73,485
- Deposits Payable: 1,532,667
- Funds Held for Others: 26,483,324
- U. S. Government Grants Refundable: 5,674,511
- Funds Held in Trust for Pool Participants: 168,100,343
- Hedging Derivative Liability (Note 9): 11,972,586
- Long-Term Liabilities (Note 8): 638,007,747

Total Noncurrent Liabilities: 851,844,663

**Total Liabilities:** 960,052,285

### DEFERRED INFLOWS OF RESOURCES

- 0
### NET POSITION

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Investment in Capital Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
</tr>
<tr>
<td>Nonexpendable:</td>
<td></td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>11,053,344</td>
</tr>
<tr>
<td>Endowed Professorships</td>
<td>67,652,785</td>
</tr>
<tr>
<td>Departmental Uses</td>
<td>8,689,725</td>
</tr>
<tr>
<td>Loans</td>
<td>7,493,757</td>
</tr>
<tr>
<td>Expendable:</td>
<td></td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>28,013,757</td>
</tr>
<tr>
<td>Research</td>
<td>16,226,751</td>
</tr>
<tr>
<td>Endowed Professorships</td>
<td>63,412,118</td>
</tr>
<tr>
<td>Departmental Uses</td>
<td>43,595,849</td>
</tr>
<tr>
<td>Loans</td>
<td>1,800,813</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>70,962,222</td>
</tr>
<tr>
<td>Debt Service</td>
<td>17,242,640</td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td>256,240,700</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$1,919,071,972</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of this statement.
NORTH CAROLINA STATE UNIVERSITY
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

Exhibit A-2

### REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees, Net (Note 11)</td>
<td>$254,088,086</td>
</tr>
<tr>
<td>Federal Appropriations</td>
<td>19,849,729</td>
</tr>
<tr>
<td>Federal Grants and Contracts</td>
<td>140,749,996</td>
</tr>
<tr>
<td>State and Local Grants and Contracts</td>
<td>35,337,665</td>
</tr>
<tr>
<td>Nongovernmental Grants and Contracts</td>
<td>71,843,222</td>
</tr>
<tr>
<td>Sales and Services, Net (Note 11)</td>
<td>212,574,989</td>
</tr>
<tr>
<td>Interest Earnings on Loans</td>
<td>265,047</td>
</tr>
<tr>
<td>Other Operating Revenues Net, (Note 11)</td>
<td>18,022,482</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>752,731,216</strong></td>
</tr>
</tbody>
</table>

### EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>813,311,685</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td>112,422,816</td>
</tr>
<tr>
<td>Services</td>
<td>200,405,753</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>45,125,241</td>
</tr>
<tr>
<td>Utilities</td>
<td>36,820,865</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>77,866,410</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>1,285,952,770</strong></td>
</tr>
</tbody>
</table>

**Operating Loss**

(533,221,554)

### NONOPERATING REVENUES (EXPENSES)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>473,005,231</td>
</tr>
<tr>
<td>Noncapital Grants - Student Financial Aid</td>
<td>48,015,586</td>
</tr>
<tr>
<td>Noncapital Grants</td>
<td>1,050,069</td>
</tr>
<tr>
<td>Noncapital Gifts</td>
<td>66,330,666</td>
</tr>
<tr>
<td>Investment Income (Net of Investment Expense of $636,037)</td>
<td>26,327,347</td>
</tr>
<tr>
<td>Interest and Fees on Debt</td>
<td>(8,737,685)</td>
</tr>
<tr>
<td>Federal Interest Subsidy on Debt</td>
<td>1,125,481</td>
</tr>
<tr>
<td>Other Nonoperating Revenues (Expenses)</td>
<td>(1,893,861)</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues</strong></td>
<td><strong>605,222,834</strong></td>
</tr>
</tbody>
</table>

**Income Before Other Revenues**

72,001,280

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Appropriations</td>
<td>12,245,901</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>1,962,882</td>
</tr>
<tr>
<td>Capital Gifts</td>
<td>2,793,856</td>
</tr>
<tr>
<td>Additions to Endowments</td>
<td>6,056,243</td>
</tr>
<tr>
<td><strong>Increase in Net Position</strong></td>
<td><strong>95,060,162</strong></td>
</tr>
</tbody>
</table>

### NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position - July 1, 2013</td>
<td>1,824,011,810</td>
</tr>
<tr>
<td><strong>Net Position - June 30, 2014</strong></td>
<td><strong>$ 1,919,071,972</strong></td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of this statement.
**NORTH CAROLINA STATE UNIVERSITY**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2014*  

**NORTH CAROLINA STATE UNIVERSITY**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2014*  

---

### Cash Flows From Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received from Customers</td>
<td>$ 726,933,103</td>
</tr>
<tr>
<td>Payments to Employees and Fringe Benefits</td>
<td>(817,340,999)</td>
</tr>
<tr>
<td>Payments to Vendors and Suppliers</td>
<td>(360,047,041)</td>
</tr>
<tr>
<td>Payments for Scholarships and Fellowships</td>
<td>(45,125,241)</td>
</tr>
<tr>
<td>Loans Issued</td>
<td>(2,147,770)</td>
</tr>
<tr>
<td>Collection of Loans</td>
<td>1,917,074</td>
</tr>
<tr>
<td>Interest Earned on Loans</td>
<td>265,801</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>18,089,394</td>
</tr>
<tr>
<td><strong>Net Cash Used by Operating Activities</strong></td>
<td>(477,455,679)</td>
</tr>
</tbody>
</table>

### Cash Flows From Noncapital Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>473,005,231</td>
</tr>
<tr>
<td>Noncapital Grants - Student Financial Aid</td>
<td>48,015,586</td>
</tr>
<tr>
<td>Noncapital Grants</td>
<td>784,382</td>
</tr>
<tr>
<td>Noncapital Gifts</td>
<td>66,330,666</td>
</tr>
<tr>
<td>Additions to Endowments</td>
<td>6,056,243</td>
</tr>
<tr>
<td>William D. Ford Direct Lending Receipts</td>
<td>113,750,601</td>
</tr>
<tr>
<td>William D. Ford Direct Lending Disbursements</td>
<td>(113,572,204)</td>
</tr>
<tr>
<td>Related Activity Agency Receipts</td>
<td>49,387,287</td>
</tr>
<tr>
<td>Related Activity Agency Disbursements</td>
<td>(44,874,120)</td>
</tr>
<tr>
<td>External Participation in Investment Fund Receipts</td>
<td>42,548,889</td>
</tr>
<tr>
<td>External Participation in Investment Fund Disbursements</td>
<td>(10,944,823)</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>1,764,963</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Noncapital Financing Activities</strong></td>
<td>632,252,701</td>
</tr>
</tbody>
</table>

### Cash Flows From Capital Financing and Related Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from Capital Debt</td>
<td>13,049,447</td>
</tr>
<tr>
<td>State Capital Appropriations</td>
<td>12,245,901</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>1,468,765</td>
</tr>
<tr>
<td>Capital Gifts</td>
<td>2,781,637</td>
</tr>
<tr>
<td>Proceeds from Sale of Capital Assets</td>
<td>310,840</td>
</tr>
<tr>
<td>Acquisition and Construction of Capital Assets</td>
<td>(183,407,641)</td>
</tr>
<tr>
<td>Principal Paid on Capital Debt and Leases</td>
<td>(15,444,902)</td>
</tr>
<tr>
<td>Interest and Fees Paid on Capital Debt and Leases</td>
<td>(9,864,488)</td>
</tr>
<tr>
<td>Federal Interest Subsidy on Debt Received</td>
<td>1,125,481</td>
</tr>
<tr>
<td>Other Payments</td>
<td>(787,026)</td>
</tr>
<tr>
<td><strong>Net Cash Used by Capital Financing and Related Financing Activities</strong></td>
<td>(178,521,986)</td>
</tr>
</tbody>
</table>

### Cash Flows From Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from Sales and Maturities of Investments</td>
<td>24,242,550</td>
</tr>
<tr>
<td>Investment Income</td>
<td>201,536</td>
</tr>
<tr>
<td>Purchase of Investments and Related Fees</td>
<td>(55,679,123)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Investing Activities</strong></td>
<td>(31,235,037)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Decrease in Cash and Cash Equivalents</td>
<td>(54,960,001)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - July 1, 2013</td>
<td>504,102,091</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents - June 30, 2014</strong></td>
<td>$ 449,142,090</td>
</tr>
</tbody>
</table>
NORTH CAROLINA STATE UNIVERSITY

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

4.2A

Exhibit A-3
Page 2

RECONCILIATION OF NET OPERATING LOSS
TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss $ (533,221,554)

Adjustments to Reconcile Loss to Net Cash Used by Operating Activities:
- Depreciation/Amortization Expense 77,866,410
- Allowances, Write-Offs, and Amortizations 170,631

Changes in Assets and Liabilities:
- Receivables, Net (8,147,139)
- Due from Primary Government (230,021)
- Inventories (143,274)
- Notes Receivable, Net (205,254)
- Accounts Payable and Accrued Liabilities (7,410,446)
- Due to Primary Government (6,677,139)
- Due to State of North Carolina Component Units (111,466)
- Unearned Revenue 281,528
- Compensated Absences (105,796)
- Deposits Payable 477,841

Net Cash Used by Operating Activities $ (477,455,679)

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:
- Cash and Cash Equivalents $ 255,320,189
- Restricted Cash and Cash Equivalents 98,681,826

Total Cash and Cash Equivalents - June 30, 2014 $ 449,142,090

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through a Gift 12,219
Change in Fair Value of Investments 22,780,802
Loss on Disposal of Capital Assets (3,917,813)
Amortization of Bond Premiums (1,627,189)

The accompanying notes to the financial statements are an integral part of this statement.
COMPONENT UNIT
FINANCIAL STATEMENTS

NORTH CAROLINA STATE UNIVERSITY

2014 ANNUAL FINANCIAL REPORT
NORTH CAROLINA STATE UNIVERSITY FOUNDATIONS  
Statement of Financial Position  
June 30, 2014  

<table>
<thead>
<tr>
<th></th>
<th>North Carolina State University Foundation, Inc.</th>
<th>NC State Student Aid Association, Inc.</th>
<th>The North Carolina Agricultural Foundation, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$14,867,639</td>
<td>$16,250,415</td>
<td>30,607,477</td>
</tr>
<tr>
<td>Investments</td>
<td>12,556,840</td>
<td>34,964,490</td>
<td>58,318,763</td>
</tr>
<tr>
<td>Investments with University Investment Pool</td>
<td>189,494,314</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Surrender Value of Life Insurance</td>
<td>263,182</td>
<td>118,082</td>
<td>72,332</td>
</tr>
<tr>
<td>Assets Held in Charitable Trusts And Annuities</td>
<td>29,556,382</td>
<td>1,669,069</td>
<td>5,243,651</td>
</tr>
<tr>
<td>Real Estate Held for Resale</td>
<td>2,657,260</td>
<td>7,572,179</td>
<td>3,706,418</td>
</tr>
<tr>
<td>Receivables, Net</td>
<td>1,497,451</td>
<td>461,309</td>
<td>27816</td>
</tr>
<tr>
<td>Pledges Receivable/Promises</td>
<td>68,812,475</td>
<td>23,032,623</td>
<td>11,024,535</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>162,646</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes/Loans Receivable, Net</td>
<td>300,000</td>
<td></td>
<td>4,962,424</td>
</tr>
<tr>
<td>Property and Equipment, Net</td>
<td>4,888,790</td>
<td>32,404,290</td>
<td>29,385,475</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>324,594,333</td>
<td>116,935,103</td>
<td>148,215,381</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>832,551</td>
<td>1,036,214</td>
<td>336,326</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>2,754,378</td>
<td>12,570</td>
<td>220,874</td>
</tr>
<tr>
<td>Interest Payable</td>
<td>816,848</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Split Interest Agreement Obligations</td>
<td>18,345,273</td>
<td>1,518,907</td>
<td>2,660,781</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>2,020,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>11,605,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>19,994,672</td>
<td>18,947,319</td>
<td>3,217,981</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>10,634,064</td>
<td>30,571,528</td>
<td>2,351,685</td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>91,905,561</td>
<td>31,450,288</td>
<td>68,027,268</td>
</tr>
<tr>
<td>Permanently Restricted</td>
<td>202,060,036</td>
<td>35,965,968</td>
<td>74,618,447</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>$304,599,661</td>
<td>$97,987,784</td>
<td>144,997,400</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of this statement.
### NORTH CAROLINA STATE UNIVERSITY FOUNDATIONS
*Statement of Activities For the Fiscal Year Ended June 30, 2014*

<table>
<thead>
<tr>
<th>North Carolina State University Foundation, Inc.</th>
<th>NC State Student Aid Association, Inc.</th>
<th>The North Carolina Agricultural Foundation, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGES IN UNRESTRICTED NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues and Gains:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$3,727</td>
<td>$10,859,393 $1,553,682</td>
</tr>
<tr>
<td>Donated Services and Noncash Contributions</td>
<td>1,108,000</td>
<td>468,381 1,412,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>60,227</td>
<td>430,058 129,142</td>
</tr>
<tr>
<td>Net Unrealized and Realized Gains on Long-Term Investments</td>
<td>1,725,466</td>
<td>3,845,604 779,536</td>
</tr>
<tr>
<td>Net Asset Reclassification - Underwater Endowments</td>
<td>14,866</td>
<td></td>
</tr>
<tr>
<td>Executive Education, LLC income</td>
<td>1,088,524</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,225,356</td>
<td>1,054,100 366,430</td>
</tr>
<tr>
<td><strong>Total Unrestricted Revenues and Gains</strong></td>
<td>5,226,166</td>
<td>16,657,536 3,507,930</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of Program or Time Restrictions</td>
<td>14,894,542</td>
<td>10,155,172</td>
</tr>
<tr>
<td>Facility Improvements</td>
<td></td>
<td>7,279,901</td>
</tr>
<tr>
<td><strong>Total Net Assets Released from Restrictions</strong></td>
<td>14,894,542</td>
<td>10,155,172</td>
</tr>
<tr>
<td><strong>Total Unrestricted Revenues, Gains, and Other Support</strong></td>
<td>20,120,708</td>
<td>23,937,437 13,663,102</td>
</tr>
<tr>
<td>Expenses and Losses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Support</td>
<td>11,666,497</td>
<td>9,212,151 10,805,860</td>
</tr>
<tr>
<td>University Facilities Support</td>
<td>3,110,998</td>
<td>7,279,901</td>
</tr>
<tr>
<td>Management and General</td>
<td>581,535</td>
<td>1,197,820 359,350</td>
</tr>
<tr>
<td>Fund Raising</td>
<td>2,652,929</td>
<td>2,616,771 2,203,060</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>18,041,959</td>
<td>20,306,643 13,368,270</td>
</tr>
<tr>
<td>Loss on Sale of Assets</td>
<td></td>
<td>773</td>
</tr>
<tr>
<td><strong>Total Expenses and Losses</strong></td>
<td>18,041,959</td>
<td>20,307,416 13,368,270</td>
</tr>
<tr>
<td>Increase in Unrestricted Net Assets</td>
<td>2,078,749</td>
<td>3,630,021 294,832</td>
</tr>
<tr>
<td><strong>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>8,003,701</td>
<td>6,944,420 9,528,185</td>
</tr>
<tr>
<td>Change in Pledges Receivable</td>
<td>18,530,004</td>
<td>(2,675,029)</td>
</tr>
<tr>
<td>Donated Services and Noncash Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant Revenues</td>
<td></td>
<td>1,600</td>
</tr>
<tr>
<td>Investment Income</td>
<td>276,524</td>
<td>35,296 118,943</td>
</tr>
<tr>
<td>Net Unrealized and Realized Gains on Long-Term Investments</td>
<td>22,303,076</td>
<td>7,479,011</td>
</tr>
<tr>
<td>Net Asset Reclassification - Underwater Endowments</td>
<td>(14,866)</td>
<td></td>
</tr>
<tr>
<td>Vaughn Towers Revenue</td>
<td></td>
<td>3,304,394</td>
</tr>
<tr>
<td>Disposal of Other Assets</td>
<td>686,349</td>
<td>23,423</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>(162,659)</td>
</tr>
<tr>
<td><strong>Net Assets Released from Restrictions:</strong></td>
<td>(14,894,542)</td>
<td>(10,155,172)</td>
</tr>
<tr>
<td>Satisfaction of Program or Time Restrictions</td>
<td></td>
<td>(7,279,901)</td>
</tr>
<tr>
<td>Facility Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Increase in Temporarily Restricted Net Assets</strong></td>
<td>34,890,246</td>
<td>3,107,833 4,606,354</td>
</tr>
<tr>
<td><strong>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>32,192,443</td>
<td>860,081 3,829,533</td>
</tr>
<tr>
<td>Change in Pledges Receivable</td>
<td>469,572</td>
<td>118,750</td>
</tr>
<tr>
<td>Donated Services and Noncash Contributions</td>
<td>356,960</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>90,453</td>
<td>67,529</td>
</tr>
<tr>
<td>Net Unrealized and Realized Gains on Long-Term Investments</td>
<td>1,561,243</td>
<td>125,545</td>
</tr>
<tr>
<td>Change in Value of Split Interest Agreements</td>
<td>(805,562)</td>
<td>222,911 193,401</td>
</tr>
<tr>
<td>Other</td>
<td>356,467</td>
<td>384,103</td>
</tr>
<tr>
<td><strong>Increase in Permanently Restricted Net Assets</strong></td>
<td>34,223,576</td>
<td>1,082,992 4,332,059</td>
</tr>
<tr>
<td>Increase in Net Assets</td>
<td>71,192,571</td>
<td>7,820,846 9,233,245</td>
</tr>
<tr>
<td>Net Assets at Beginning of Year</td>
<td>233,407,090</td>
<td>90,286,037 135,764,155</td>
</tr>
<tr>
<td>Restatements</td>
<td>(119,099)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Assets at End of Year</strong></td>
<td>$304,599,661</td>
<td>97,987,784 144,997,400</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of this statement.
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NOTES TO THE
FINANCIAL
STATEMENTS

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60  Note 5  Capital Assets
61  Note 6  Accounts Payable and Accrued Liabilities
61  Note 7  Short-Term Debt
62  Note 8  Long-Term Liabilities
65  Note 9  Derivative Instruments
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67  Note 11  Revenues
68  Note 12  Operating Expenses by Function
68  Note 13  Pension Plans
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71  Note 16  Commitments and Contingencies
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75  Note 20  Discretely Presented Component Units
NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present all funds belonging to the University and its component units. While the Board of Governors of the University of North Carolina System has ultimate responsibility, the Chancellor, the Board of Trustees, and the Board of Trustees of the Endowment Fund have delegated responsibilities for financial accountability of the University’s funds. The University’s component units are either blended or discretely presented in the University’s financial statements. See below for further discussion of the University’s component units.

Blended Component Units - Although legally separate, the NC State Investment Fund, Inc. (Investment Fund) and the NC State University Partnership Corporation (Corporation), component units of the University, are reported as if they were part of the University.

The Investment Fund is governed by a board consisting of six ex officio directors and five elected directors. The Investment Fund’s purpose is to support the University by operating an investment fund for charitable, nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. The Investment Fund is a governmental external investment pool. Because the elected directors of the Investment Fund are appointed by the members of the North Carolina State University Board of Trustees and the Investment Fund’s primary purpose is to benefit North Carolina State University, its financial statements have been blended with those of the University.

The Corporation is governed by a Board of Directors appointed by the Chancellor of the University. The Corporation’s purpose is to support and benefit the University with the aims of creating new knowledge and improving the lives of the people of North Carolina. The Corporation formed NC State University Centennial Development, LLC on January 25, 2002, to develop, construct, own, finance, manage, and otherwise deal with a nonprofit hotel, golf course, conference center and related meeting facilities on Centennial Campus as outlined in the Campus Master Plan. In addition, the Corporation formed NC State Upfit, LLC on October 27, 2006, to develop, construct, own, finance, manage, and otherwise upfit facilities and other infrastructure on Centennial Campus. Also, the Corporation formed NC State CBC Land I, LLC on June 1, 2007, to acquire, develop, own, lease, hold, manage, sell, and otherwise exercise all right of ownership of land and flex lab facilities on Centennial Biomedical Campus. Additionally, the Corporation formed NC State American Home LLC on August 8, 2007, and changed its name to Bell Tower Holdings LLC on December 14, 2009. The purpose of Bell Tower Holdings LLC is to acquire, develop, own, lease, hold, manage, sell, and otherwise exercise all right of ownership of real property and enter into any related agreements for assisting with the acquisition, development, financing, construction, management, and operation of real property. On March 31, 2008, the Corporation formed NC State CC Holdings I, LLC to acquire, develop, own, lease, hold, manage, sell, and otherwise exercise all right of ownership of land and facilities on Centennial Campus. Leaders in Innovation and Nonwovens Commercialization, LLC (LINC) was established on July 9, 2012, to foster economic development and creation of new knowledge by facilitating commercialization of technologies developed at the Nonwovens Institute at NC State University. Because the Corporation’s Board is appointed by the Chancellor and its sole purpose is to support and benefit the University, the Corporation and the LLCs are considered part of the University for financial reporting purposes.

Separate financial statements for the Investment Fund and for the Corporation and the LLCs may be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149. Other related foundations and similar nonprofit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

Condensed combining information regarding blended component units is provided in Note 18.

Discretely Presented Component Units - The North Carolina State University Foundation, Inc. (Foundation), NC State Student Aid Association, Inc. (Athletic Club), and The North Carolina Agricultural Foundation, Inc. (Agricultural Foundation) are legally separate nonprofit corporations and are reported as discretely presented component units based on the nature and significance of their relationship to the University.

The Foundation, Athletic Club, and Agricultural Foundation are legally separate, tax-exempt component units of the University. These entities act primarily as fund-raising organizations to supplement the resources that are available to the University in support of its programs. Separate Boards of Directors govern these entities independent of the University’s Board of Trustees. Although the University does not control the timing or amount of receipts from these entities, the majority of resources, or income thereon, that these entities hold and invest are restricted to the activities of the University by the donors. Because these restricted resources held by these entities can only be used by, or for
the benefit of the University, these entities are considered component units of the University and are reported in separate financial statements because of the difference in their reporting model, as described below.

The Foundation, Athletic Club, and Agricultural Foundation are private nonprofit organizations that report their financial results under the Financial Accounting Standards Board (FASB) Codification. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to their financial information in the University’s financial reporting entity for these differences.

During the year ended June 30, 2014, the Foundation distributed $15,274,987 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

During the year ended June 30, 2014, the Athletic Club distributed $11,907,715 to the University for both restricted and unrestricted purposes. Complete financial statements for the Athletic Club can be obtained from the NC State Student Aid Association, PO Box 37100, Raleigh, NC 27627, or by calling (919) 865-1500.

During the year ended June 30, 2014, the Agricultural Foundation distributed $12,291,503 to the University for both restricted and unrestricted purposes. Complete financial statements for the Agricultural Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

B. Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

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

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

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

D. Cash and Cash Equivalents - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, money market accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

E. Investments - Investments generally are reported at fair value, as determined by quoted market prices or estimated amounts determined by management if quoted market prices are not available. The fair value for investments in the UNC Investment Fund was based on amounts reported to the University by UNC Management Company, Inc.’s custodian, Bank of New York Mellon. University management reviews the values provided by the custodian. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

Money market funds, real estate not held by a governmental external investment pool, and other asset holdings are reported at cost, if purchased, or at fair value or appraised value at date of gift, if donated. Private equity funds consist primarily of investments that are not readily marketable. Investments in these categories, which are managed externally, are valued utilizing the most current information provided by the general partner.

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

Restricted investments include funds of affiliated entities that are neither part of the University’s reporting entity nor reported discretely but invested through the Investment Fund.
F. Receivables - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises’ sales and services. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Receivables are recorded net of estimated uncollectible amounts.

G. Inventories - Inventories, consisting of expendable supplies and merchandise for resale, are valued at cost using the first-in, first-out method. Exceptions are the bookstore, which uses the retail inventory method, and physical plant, which uses the moving weighted average method.

H. Capital Assets - Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The value of assets constructed includes all material direct and indirect construction costs. Interest costs incurred are capitalized during the period of construction.

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

Depreciation and amortization are computed using the straightline method over the estimated useful lives of the assets, generally 15 to 75 years for general infrastructure, 10 to 50 years for buildings, 4 to 22 years for equipment, and 2 to 15 years for computer software.

The University does not capitalize its Arts and Design or Historic collections. These collections adhere to the University’s policy to maintain for public exhibition, education, or research; protect, keep unencumbered, care for, and preserve; and require proceeds from their sale to be used to acquire other collection items. Accounting principles generally accepted in the United States of America permit collections maintained in this manner to be charged to operations at time of purchase rather than be capitalized.

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

J. Funds Held in Trust for Pool Participants - Funds held in trust for pool participants represent the external portion of the University’s governmental external investment pool more fully described in Note 2.

K. Noncurrent Long-Term Liabilities - Noncurrent long-term liabilities include principal amounts of revenue bonds payable, notes payable, capital lease obligations, and compensated absences that will not be paid within the next fiscal year.

Revenue bonds payable are reported net of unamortized premiums or discounts. The University amortizes bond premiums/discounts over the life of the bonds using the straightline method. Losses on refunding and issuance costs on bonds payable are not material to the accompanying financial statements and are expensed in the year incurred.

L. Compensated Absences - The University’s policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a lastin, firstout (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at yearend is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

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

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

M. Net Position - The University’s net position is classified as follows:

Net Investment in Capital Assets - This represents the University’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of Net Investment in Capital Assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position.

Restricted Net Position - Nonexpendable restricted net position includes endowments and similar
type assets whose use is limited by donors or other outside sources, and, as a condition of the gift, the principal is to be maintained in perpetuity.

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

**Unrestricted Net Position** - Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income.

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

**N. Scholarship Discounts** - Student tuition and fees revenues and certain other revenues from University activities are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the University and the amount that is paid by students or by third parties on the students’ behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship discount.

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

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

**P. Internal Sales Activities** - Certain institutional auxiliary operations provide goods and services to University departments, as well as to its customers. These institutional auxiliary operations include activities such as Central Stores, the Creamery, Telecommunications, Physical Plant, and Motor Pool. In addition, the University has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. All internal sales activities to University departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

At June 30, 2014, the amount shown on the Statement of Net Position as cash and cash equivalents includes $446,368,324 which represents the University’s equity position in the State Treasurer’s STIF. The STIF (a portfolio within the State Treasurer’s Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission and does not have a credit rating) had a weighted average maturity of 1.3 years as of June 30, 2014. Assets and shares of the STIF are valued...
Credit risk is the risk that an issuer or other entity with specified ratings.

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

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

Investments of the endowment funds including those invested in the Investment Fund, a University component unit, are subject to and restricted by G.S. 36E “Uniform Prudent Management of Institutional Funds Act” (UPMIFA) and any requirements placed on them by contract or donor agreements.

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

Investments are subject to the following risks.

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

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

Investment Fund - The Investment Fund began operations in April 1999 and is classified as a non-rated 2a7-like governmental external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The Endowment Fund of North Carolina State University, The North Carolina Agricultural Foundation, Inc., and the North Carolina State University Foundation, Inc. represent the Investment Fund’s internal participants. The North Carolina Agricultural Foundation, Inc. and the North Carolina State University Foundation, Inc. are discretely presented component units of funds held in trust for pool participants. The external participants in the accompanying financial statements are “Funds Held in Trust for Pool Participants.”

The Investment Fund is not subject to any formal oversight.
defining income and fair value information, which is then allocated among the fund’s participants. Each participant holds Master Trust Units of the Fund. The unit price fluctuates based on the investment experience of the investment pool. There are no involuntary participants in the Pool. The University has not provided or obtained any legally binding guarantees during the period to support the value for the Pool’s investments. The annual financial report for the Investment Fund may be obtained from the Foundations Accounting and Investment Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919)513-7149 or at http://foundationsaccounting.ofb.ncsu.edu/investment-fund/.

The following table presents the fair value of investments by type and investments subject to interest rate risk at June 30, 2014, for the Investment Fund.

### INVESTMENT FUND

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Less than 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collective Investment Funds</td>
<td>40,898,271</td>
<td>$ 40,898,271</td>
</tr>
<tr>
<td>Other Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNC Investment Fund</td>
<td>$ 525,674,903</td>
<td></td>
</tr>
<tr>
<td>Private Equity Limited Partnerships</td>
<td>30,297,447</td>
<td></td>
</tr>
<tr>
<td>Total External Investment Pool</td>
<td>$ 596,870,621</td>
<td></td>
</tr>
</tbody>
</table>

At June 30, 2014, investments in the Investment Fund had the following credit quality distribution for securities with credit exposure (based on S&P’s ratings):

<table>
<thead>
<tr>
<th>Credit Quality</th>
<th>Fair Value/Cost</th>
<th>AA</th>
<th>A</th>
<th>Below</th>
<th>Unrated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 40,898,271</td>
<td>$ 5,708,730</td>
<td>$ 5,429,194</td>
<td>$ 728,090</td>
<td>$ 29,032,257</td>
</tr>
</tbody>
</table>

**UNC Investment Fund, LLC** - At June 30, 2014, the University’s investments include $525,674,903 which represents the University’s equity position in the UNC Investment Fund, LLC (UNC Investment Fund). The UNC Investment Fund is an external investment pool that is not registered with the Securities and Exchange Commission, does not have a credit rating, and is not subject to any regulatory oversight. Asset and ownership interests of the UNC Investment Fund are determined on a market unit valuation basis each month. Investment risks associated with the UNC Investment Fund are included in 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.
Non-Pooled Investments - The following table presents the fair value of investments by type and investments subject to interest rate risk at June 30, 2014, for the University’s non-pooled investments.

**NON-POOLED INVESTMENTS**

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Investment Maturities (in Years)</th>
<th>Fair Value/Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>$ 952,464</td>
<td>$ 952,466</td>
</tr>
<tr>
<td>Other Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in Real Estate</td>
<td>22,990,938</td>
<td></td>
</tr>
<tr>
<td>Domestic Stocks</td>
<td>25,585</td>
<td></td>
</tr>
<tr>
<td>Collections and Mineral Rights</td>
<td>49,603</td>
<td></td>
</tr>
<tr>
<td>Total Non-Pooled Investments</td>
<td>$ 24,018,590</td>
<td></td>
</tr>
</tbody>
</table>

At June 30, 2014, the University’s non-pooled investments had the following credit quality distribution for securities with credit exposure (based on Moody’s and S&P ratings):

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>AAA Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Mutual Funds</td>
<td>$ 952,464</td>
<td>$ 952,464</td>
</tr>
</tbody>
</table>

Total Investments - The following table presents the fair value of the total investments at June 30, 2014

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value/Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities</td>
<td></td>
</tr>
<tr>
<td>Collective Investment Funds</td>
<td>$ 40,898,271</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>952,464</td>
</tr>
<tr>
<td>Other Securities</td>
<td></td>
</tr>
<tr>
<td>UNC Investment Fund</td>
<td>525,674,903</td>
</tr>
<tr>
<td>Investments in Real Estate</td>
<td>22,990,938</td>
</tr>
<tr>
<td>Private Equity Limited Partnerships</td>
<td>30,297,447</td>
</tr>
<tr>
<td>Domestic Stocks</td>
<td>25,585</td>
</tr>
<tr>
<td>Other</td>
<td>49,603</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$ 620,889,211</td>
</tr>
</tbody>
</table>

Total investments include $247,813,077 held in the Investment Fund for the North Carolina State University Foundation, Inc. and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements.
NOTE 3 - ENDOWMENT INVESTMENTS

Investments of the University’s endowment funds are pooled, unless required to be separately invested by the donor. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds. Under the “Uniform Prudent Management of Institutional Funds Act” (UPMIFA), authorized by the North Carolina General Assembly on March 19, 2009, the Board may also appropriate expenditures from eligible nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements. However, a majority of the University’s endowment donor agreements prohibit spending of nonexpendable balances and therefore the related nonexpendable balances are not eligible for expenditure. During the year, the Board did not appropriate expenditures from eligible nonexpendable endowment funds.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2014, were as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Gross Receivables</th>
<th>Allowance for Doubtful Accounts</th>
<th>Net Receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Receivables:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students</td>
<td>$2,616,076</td>
<td>$1,423,183</td>
<td>$1,192,893</td>
</tr>
<tr>
<td>Student Sponsors</td>
<td>2,294,244</td>
<td></td>
<td>2,294,244</td>
</tr>
<tr>
<td>Accounts</td>
<td>28,707,968</td>
<td>1,019,247</td>
<td>27,688,721</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>34,435,626</td>
<td></td>
<td>34,435,626</td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>412,207</td>
<td>367,776</td>
<td>44,431</td>
</tr>
<tr>
<td>Federal Interest Subsidy on Debt</td>
<td>305,671</td>
<td></td>
<td>305,671</td>
</tr>
<tr>
<td>Total Current Receivables</td>
<td>$68,771,792</td>
<td>$2,810,206</td>
<td>$65,961,586</td>
</tr>
</tbody>
</table>

| Notes Receivable:                           |                   |                                 |                 |
| Notes Receivable - Current:                 |                   |                                 |                 |
| Notes Receivable - Federal Loan Programs    | $3,022,259        | $15,475                         | $3,006,784      |
| Notes Receivable - Institutional Student Loan Programs | 248,675 | 2,107                           | 246,568         |
| Total Notes Receivable - Current            | $3,270,934        | $17,582                         | $3,253,352      |

| Notes Receivable - Noncurrent:              |                   |                                 |                 |
| Notes Receivable - Federal Loan Programs    | $9,586,439        | $633,960                        | $8,952,479      |
| Notes Receivable - Institutional Student Loan Programs | 401,001 | 137,094                         | 263,907         |
| Total Notes Receivable - Noncurrent         | $9,987,440        | $771,054                        | $9,216,386      |
NOTE 5 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2014, is presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1, 2013</td>
<td></td>
<td></td>
<td>June 30, 2014</td>
</tr>
<tr>
<td>Capital Assets, Nondepreciable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$36,617,019</td>
<td>$2,194,116</td>
<td>$0</td>
<td>$38,811,135</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>247,093,834</td>
<td>47,014,106</td>
<td>165,541,896</td>
<td>128,566,044</td>
</tr>
<tr>
<td>Computer Software in Development</td>
<td>6,220,164</td>
<td>2,519,126</td>
<td>7,865,361</td>
<td>873,929</td>
</tr>
<tr>
<td>Capital Assets, Depreciable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>1,770,800,729</td>
<td>247,880,205</td>
<td>4,940,413</td>
<td>2,013,740,521</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>319,886,981</td>
<td>34,150,120</td>
<td>21,337,955</td>
<td>332,699,146</td>
</tr>
<tr>
<td>General Infrastructure</td>
<td>197,094,366</td>
<td>5,124,565</td>
<td></td>
<td>202,218,931</td>
</tr>
<tr>
<td>Computer Software</td>
<td>7,235,422</td>
<td>7,865,361</td>
<td></td>
<td>15,100,783</td>
</tr>
<tr>
<td>Total Capital Assets, Depreciable</td>
<td>2,295,017,498</td>
<td>295,020,251</td>
<td>26,278,368</td>
<td>2,563,759,381</td>
</tr>
<tr>
<td>Less Accumulated Depreciation/Amortization for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>478,418,735</td>
<td>50,837,974</td>
<td>3,590,942</td>
<td>525,665,767</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>197,858,640</td>
<td>20,156,512</td>
<td>18,458,774</td>
<td>199,556,378</td>
</tr>
<tr>
<td>General Infrastructure</td>
<td>48,470,763</td>
<td>4,924,846</td>
<td></td>
<td>53,395,609</td>
</tr>
<tr>
<td>Computer Software</td>
<td>2,617,263</td>
<td>1,947,078</td>
<td></td>
<td>4,564,341</td>
</tr>
<tr>
<td>Total Accumulated Depreciation/Amortization</td>
<td>727,365,401</td>
<td>77,866,410</td>
<td>22,049,716</td>
<td>783,182,095</td>
</tr>
<tr>
<td>Total Capital Assets, Depreciable, Net</td>
<td>1,567,652,097</td>
<td>217,153,841</td>
<td>4,228,652</td>
<td>1,780,577,286</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>$1,857,583,114</td>
<td>$268,881,189</td>
<td>$177,635,909</td>
<td>$1,948,828,394</td>
</tr>
</tbody>
</table>

During the year ended June 30, 2014, the University incurred $22,542,327 in interest costs related to the acquisition and construction of capital assets. Of this total, $9,438,954 was charged in interest expense, and $13,103,373 was capitalized.
NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2014, were as follows:

<table>
<thead>
<tr>
<th>Current Accounts Payable and Accrued Liabilities</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$ 16,778,669</td>
</tr>
<tr>
<td>Accounts Payable-Capital</td>
<td>8,890,538</td>
</tr>
<tr>
<td>Accrued Payroll</td>
<td>7,400,207</td>
</tr>
<tr>
<td>Contract Retainage</td>
<td>6,374,037</td>
</tr>
<tr>
<td>Intergovernmental Payables</td>
<td>790</td>
</tr>
<tr>
<td>Other</td>
<td>53,148</td>
</tr>
<tr>
<td><strong>Total Current Accounts Payable and Accrued Liabilities</strong></td>
<td><strong>$ 39,497,389</strong></td>
</tr>
</tbody>
</table>

NOTE 7 - SHORT-TERM DEBT - COMMERCIAL PAPER PROGRAM

The University has available Commercial Paper Program financing for short-term debt credit up to $100,000,000 to finance capital construction projects. The University’s available funds are pledged to the Commercial Paper Program financing with the anticipation of converting to general revenue bond financing in the future. As of June 30, 2014, $10,000,000 in Tax-Exempt Commercial Paper was outstanding.

Short-term debt activity for the year ended June 30, 2014, was as follows:

<table>
<thead>
<tr>
<th>Balance</th>
<th>Draws</th>
<th>Repayments</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2013</td>
<td>$0</td>
<td>$10,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>Commercial Paper Program</td>
<td>$0</td>
<td>$10,000,000</td>
<td>$0</td>
</tr>
</tbody>
</table>
NOTE 8 - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities - A summary of changes in the long-term liabilities for the year ended June 30, 2014, is presented as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Bonds Payable</td>
<td>$501,915,000</td>
<td>$0</td>
<td>$13,425,000</td>
<td>$488,490,000</td>
<td>$12,935,000</td>
</tr>
<tr>
<td>Plus: Unamortized Premium</td>
<td>26,742,654</td>
<td>1,627,189</td>
<td>25,115,465</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue Bonds Payable</td>
<td>528,657,654</td>
<td>15,052,189</td>
<td>513,605,465</td>
<td>$12,935,000</td>
<td></td>
</tr>
</tbody>
</table>

Notes Payable: 79,497,894 + 3,049,447 - 1,955,775 = 80,591,566
Capital Leases Payable: 630,801 + 209,813 - 273,940 = 566,674

Total Long-Term Liabilities: $671,635,766 + $42,321,875 - $56,450,316 = $657,507,325

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

B. Revenue Bonds Payable - The University was indebted for revenue bonds payable for the purposes shown in the following table:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Series</th>
<th>Interest Rate/ Ranges</th>
<th>Final Maturity Date</th>
<th>Original Amount of Issue</th>
<th>Principal Paid Through June 30, 2014</th>
<th>Principal Outstanding June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing System Projects/Doak Field Projects</td>
<td>2003B</td>
<td>3.46% swap*</td>
<td>10/01/2027</td>
<td>$45,660,000</td>
<td>$2,840,000</td>
<td>$42,820,000</td>
</tr>
<tr>
<td>Various Construction Projects</td>
<td>2005A</td>
<td>5%</td>
<td>10/01/2015</td>
<td>81,615,000</td>
<td>72,830,000</td>
<td>8,785,000</td>
</tr>
<tr>
<td>Various Construction Projects</td>
<td>2008A</td>
<td>3.87% swap*</td>
<td>10/01/2028</td>
<td>66,605,000</td>
<td></td>
<td>66,605,000</td>
</tr>
<tr>
<td>Various Construction Projects</td>
<td>2008B</td>
<td>4% - 4.25%</td>
<td>10/01/2020</td>
<td>26,955,000</td>
<td>20,340,000</td>
<td>6,615,000</td>
</tr>
<tr>
<td>Various Construction Projects</td>
<td>2010A</td>
<td>4% - 5%</td>
<td>10/01/2022</td>
<td>18,065,000</td>
<td>3,860,000</td>
<td>14,205,000</td>
</tr>
<tr>
<td>Various Construction Projects</td>
<td>2010B</td>
<td>5.079% - 6.027%**</td>
<td>10/01/2035</td>
<td>59,565,000</td>
<td></td>
<td>59,565,000</td>
</tr>
<tr>
<td>Advance Refund Series 2003A</td>
<td>2012</td>
<td>3% - 5%</td>
<td>10/01/2018</td>
<td>16,265,000</td>
<td></td>
<td>16,265,000</td>
</tr>
<tr>
<td>Adv Refund 2005A/Wolf Ridge Housing</td>
<td>2013A</td>
<td>2% - 5%</td>
<td>10/01/2042</td>
<td>132,440,000</td>
<td></td>
<td>132,440,000</td>
</tr>
<tr>
<td>Adv Refund 2005A/Talley Student Center</td>
<td>2013B</td>
<td>0.466% - 4%</td>
<td>10/01/2041</td>
<td>141,650,000</td>
<td>460,000</td>
<td>141,190,000</td>
</tr>
</tbody>
</table>

Total Revenue Bonds Payable (principal only): $588,820,000 + $100,330,000 = $689,150,000
Plus: Unamortized Premium: 25,115,465
Total Revenue Bonds Payable: $513,605,465

* For variable rate debt, interest rates in effect at June 30, 2014, are included. For variable rate debt with interest rate swaps, the synthetic fixed rates are included.

** The University has elected to treat these bonds as federally taxable “Build America Bonds” for the purposes of the American Recovery and Reinvestment Act and to receive a cash subsidy from the U.S. Treasury equal to 32% of the interest payable on these bonds. For these bonds, the interest rate included is the taxable rate, which does not factor in the cash subsidy from the U.S. Treasury.
C. Demand Bonds - Included in bonds payable are several variable rate demand bond issues. Demand bonds are securities that contain a “put” feature that allows bondholders to demand payment before the maturity of the debt upon proper notice to the University’s remarketing or paying agents.

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

North Carolina State University at Raleigh Variable Rate General Revenue Bonds, Series 2003B

On June 20, 2003, the University issued tax-exempt variable rate revenue demand bonds in the amount of $45,660,000 that have a final maturity date of October 1, 2027. The bonds are subject to mandatory sinking fund redemption that began on October 1, 2004. The University’s proceeds of this issuance were used to pay a portion of the costs of certain improvements on the campus of the University, to refund certain debt previously incurred for that purpose, and to pay the costs incurred in connection with the issuance of the 2003B bonds.

While bearing interest at a weekly rate, the bonds are subject to purchase on demand with seven days’ notice and delivery to the paying agent, The Bank of New York Mellon. Upon notice from the paying agent, the Remarketing Agent, Wells Fargo Bank, N.A., has agreed to exercise its best efforts to remarket the bonds for which a notice of purchase has been received.

Under a Standby Bond Purchase Agreement (Agreement) between the Board of Governors of the University of North Carolina and Bayerische Landesbank, a Liquidity Facility has been established for the Trustee (The Bank of New York Mellon) to draw amounts sufficient to pay the purchase price and accrued interest on bonds delivered for purchase when remarketing proceeds or other funds are not available. This Agreement requires a commitment fee equal to 0.13% of the available commitment, payable quarterly in arrears, beginning on July 1, 2003, and on each October 1, January 1, April 1, and July 1 thereafter until the expiration date or the termination date of the Agreement.

Under the Agreement, any bonds purchased through the Liquidity Facility become Liquidity Provider Bonds and shall, from the date of such purchase and while they are Liquidity Provider Bonds, bear interest at the Liquidity Provider rate (the greater of the bank prime commercial lending rate and federal funds rate plus 0.5%). Upon remarketing of Liquidity Provider Bonds and the receipt of the sales price by the Liquidity Provider, such bonds are no longer considered Liquidity Provider Bonds. Payment of the interest on the Liquidity Provider Bonds is due the first business day of each month in which Liquidity Provider Bonds are outstanding. At June 30, 2014, there were no Liquidity Provider Bonds held by the Liquidity Facility. The original Liquidity Facility expiration date has been extended and is scheduled to expire on November 30, 2015, unless otherwise extended based on the terms of the Agreement.

Upon expiration or termination of the Agreement, the University is required to redeem (purchase) the Liquidity Provider Bonds held by the Liquidity Facility in 12 quarterly installments, beginning the first business day of January, April, July, or October, whichever first occurs on or following the purchase date along with accrued interest at the Liquidity Provider rate. In the event the outstanding $42,820,000 of demand bonds was “put” and not resold, the University would be required to pay $15,000,000 a year for three years under this agreement assuming a 3.25% interest rate.

North Carolina State University at Raleigh Variable Rate - General Revenue Bonds, Series 2008A:

On July 10, 2008, the University issued tax-exempt variable rate revenue demand bonds in the amount of $66,605,000 that have a final maturity date of October 1, 2028. The bonds are subject to mandatory sinking fund redemption that begins on October 1, 2014. The University’s proceeds of this issuance were used to pay a portion of the costs of certain improvements on the campus of the University, to refund certain debt previously incurred for that purpose, and to pay the costs incurred in connection with the issuance of the 2008A bonds.

While bearing interest at a weekly rate, the bonds are subject to purchase on demand with seven days’ notice and delivery to the paying agent, The Bank of New York Mellon. Upon notice from the paying agent, the Remarketing Agent, Citigroup Global Markets, Inc., has agreed to exercise its best efforts to remarket the bonds for which a notice of purchase has been received.

Under a Standby Bond Purchase Agreement (Agreement) between the Board of Governors of the University of North Carolina and Wells Fargo Bank, N.A., a Liquidity Facility has been established for the Trustee (The Bank of New York Mellon) to draw amounts sufficient to pay the purchase price and accrued interest on bonds delivered for purchase when remarketing proceeds or other funds are not available. This Agreement requires a commitment fee equal to 0.39% of the available commitment, payable quarterly in arrears, beginning on October 1, 2012, and on each October 1, January 1, April 1, and July 1 thereafter until the expiration date or the termination date of the Agreement.

Under the Agreement, any bonds purchased through the Liquidity Facility become Bank Bonds and shall, from the date of such purchase and while they are Bank Bonds, bear interest at the base rate (the greater of the bank prime commercial lending rate plus 1.0%, the federal funds rate plus 2.0%, or 7.0%) for 180 days. Beginning on day 181 (the amortization date), the Bank Bonds become Term Bonds and bear interest at the base rate plus 1.0%. Upon remarketing of Bank Bonds and the receipt of the sales price by the Liquidity Provider, such bonds are no longer
considered Bank Bonds. Payment of the interest on the Bank Bonds is due the first business day of each month in which Bank Bonds are outstanding. At June 30, 2014, there were no Bank Bonds held by the Liquidity Facility. The initial Liquidity Facility expiration date is July 6, 2015, unless otherwise extended based on the terms of the Agreement.

After the amortization date, or expiration or termination of the Agreement, the University is required to redeem (purchase) the Bank Bonds held by the Liquidity Facility in six semiannual installments, rounded to the nearest Authorized Denomination, beginning the first business day of the month immediately following the commencement of the Term Bank Bond period. In the event the outstanding $66,605,000 of demand bonds was “put” and not resold, the University would be required to pay $25,000,000 a year for three years under this agreement assuming an 8.0% interest rate.

D. Annual Requirements - The annual requirements to pay principal and interest on the long-term obligations at June 30, 2014, are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue Bonds Payable</th>
<th>Notes Payable</th>
<th>Swaps, Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td>Swaps, Net</td>
</tr>
<tr>
<td>2015</td>
<td>$12,935,000</td>
<td>$16,574,328</td>
<td>$2,745,089</td>
</tr>
<tr>
<td>2016</td>
<td>13,465,000</td>
<td>16,084,720</td>
<td>2,684,257</td>
</tr>
<tr>
<td>2017</td>
<td>13,985,000</td>
<td>15,659,796</td>
<td>2,546,054</td>
</tr>
<tr>
<td>2018</td>
<td>14,510,000</td>
<td>15,281,832</td>
<td>2,402,338</td>
</tr>
<tr>
<td>2019</td>
<td>14,140,000</td>
<td>14,899,288</td>
<td>2,252,920</td>
</tr>
<tr>
<td>2020-2024</td>
<td>79,490,000</td>
<td>70,541,939</td>
<td>8,645,505</td>
</tr>
<tr>
<td>2025-2029</td>
<td>97,760,000</td>
<td>62,101,950</td>
<td>1,740,090</td>
</tr>
<tr>
<td>2030-2034</td>
<td>88,455,000</td>
<td>42,026,763</td>
<td>1,973,461</td>
</tr>
<tr>
<td>2035-2039</td>
<td>78,310,000</td>
<td>24,602,123</td>
<td>6,894,600</td>
</tr>
<tr>
<td>2040-2044</td>
<td>75,440,000</td>
<td>6,694,600</td>
<td></td>
</tr>
</tbody>
</table>

Total Requirements | $488,490,000 | $284,667,339 | $23,016,253 | $80,591,566 | $30,195,034 |

Interest on the variable rate 2003B general revenue bonds is calculated at 0.04% at June 30, 2014

Interest on the variable rate 2008A general revenue bonds is calculated at 0.07% at June 30, 2014

Interest rates are reset each week by the remarketing agent based upon University credit ratings and market conditions.

This schedule also includes the debt service requirements for debt associated with interest rate swaps. More detailed information about interest rate swaps is presented in Note 9 Derivative Instruments.
E. Bond Defeasance – The University has extinguished long-term debt obligations by the issuance of new long-term debt instruments as follows:

Prior Year Defeasances - During prior years, the University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University’s financial statements. At June 30, 2014, the outstanding balance of prior year defeased bonds was $47,465,000.

F. Notes Payable - The University was indebted for notes payable for the purposes shown in the following table:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Financial Institution</th>
<th>Interest Rate/ Ranges</th>
<th>Final Maturity Date</th>
<th>Original Amount of Issue</th>
<th>Principal Paid Through June 30, 2014</th>
<th>Compounded Interest</th>
<th>Principal Outstanding June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Conservation Loan</td>
<td>BB&amp;T</td>
<td>4.97%</td>
<td>06/01/2030</td>
<td>$ 19,700,703</td>
<td>$ 1,026,283</td>
<td>$ 707,470</td>
<td>$ 19,381,890</td>
</tr>
<tr>
<td>Energy Conservation Loan</td>
<td>Bank of America</td>
<td>4.07%</td>
<td>08/17/2028</td>
<td>56,060,010</td>
<td>2,307,719</td>
<td>3,522,938</td>
<td>57,275,229</td>
</tr>
<tr>
<td>Lonnie Poole Golf Course</td>
<td>Suntrust</td>
<td>Variable</td>
<td>01/30/2015</td>
<td>5,000,000</td>
<td>4,115,000</td>
<td></td>
<td>885,000</td>
</tr>
<tr>
<td>Carol Johnson Poole Clubhouse</td>
<td>Suntrust</td>
<td>Variable</td>
<td>07/30/2016</td>
<td>3,049,447</td>
<td></td>
<td></td>
<td>3,049,447</td>
</tr>
<tr>
<td>Total Notes Payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 83,810,160</td>
</tr>
</tbody>
</table>

NOTE 9 - DERIVATIVE INSTRUMENTS

Derivative instruments held at June 30, 2014, are as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Notional Amount</th>
<th>Change in Fair Value</th>
<th>Fair Value at June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hedging Derivative Instruments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flow Hedges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay-Fixed Interest Rate Swap 2003 B Bonds</td>
<td>$24,655,000</td>
<td>Increase (Decrease)</td>
<td>Classification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ (172,246)</td>
<td>Hedging Derivative Liability</td>
</tr>
<tr>
<td>Pay-Fixed Interest Rate Swap 2008 A Bonds</td>
<td>$50,000,000</td>
<td>415,283</td>
<td>Hedging Derivative Liability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(8,037,209)</td>
</tr>
<tr>
<td>Total Derivative Instruments</td>
<td></td>
<td>$ 243,037</td>
<td>$ (11,972,586)</td>
</tr>
</tbody>
</table>
Hedging derivative instruments held at June 30, 2014, are as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay-Fixed Interest Rate Swap</td>
<td>Hedge changes in cash flows on General Revenue 2003B Series Bonds</td>
</tr>
<tr>
<td></td>
<td>$ 24,655,000 Pay 3.54% Receive 75% LIBOR</td>
</tr>
<tr>
<td></td>
<td>Hedge changes in cash flows on General Revenue 2008A Series Bonds</td>
</tr>
<tr>
<td></td>
<td>$ 50,000,000 Pay 3.862% Receive SIFMA</td>
</tr>
</tbody>
</table>

As of June 30, 2014, the synthetic fixed interest rates on the swapped portion of the 2003B and 2008A bonds were 3.46% and 3.87% respectively. The fair value of the pay-fixed interest rate swaps was estimated using the market value method. This method calculates the market price of traded instruments.

**Future Swaps:** The University has also entered into a future dated interest rate swap agreement for $22,382,500 to be effective March 1, 2017, on the General Revenue Series 2008A bonds.

**Hedging Derivative Risks**

**Credit Risk:** At June 30, 2014, the University was not exposed to credit risk on its interest rate swaps because the swaps had negative fair values. However, should interest rates change and the fair value of the swap becomes positive, the University would be exposed to credit risk in the amount of the derivative’s positive fair value. The swap agreements require termination should the University’s or the counterparty’s credit rating fall below either Baa2 as issued by Moody’s or BBB as issued by S&P or Fitch. Also, under the terms of the swap agreements, should one party become insolvent or otherwise default on its obligations, provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions. To mitigate the potential for credit risk, if the counterparty’s credit quality falls below A3 as determined by Moody’s or A- as determined by S&P, the swap will be collateralized by the counterparty with cash, U.S. government or agency securities. If the counterparty is required to collateralize, then the collateral will be posted with a third party custodian or secured party. The swap agreements entered into by the University are held with separate counterparties. All the counterparties are rated A or better.

**Basis Risk:** The University is exposed to basis risk on the swaps when the variable payment received is based on an index other than Securities Industry and Financial Markets Association (SIFMA). Should the relationship between London Interbank Offering Rate (LIBOR) and SIFMA move to convergence, the expected cost savings may not be realized. The current outstanding swaps and the related bonds reset rates weekly and pay monthly. As of June 30, 2014, the SIFMA rate was 0.06% whereas 75% of LIBOR was 0.12%.

**Termination Risk:** The University or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the University would be liable to the counterparty for that amount.

**Rollover Risk:** By definition, the University is exposed to rollover risk because the swap related to the 2008A bonds terminates October 1, 2026, two years before the related bonds mature on October 1, 2028. It is not the intent of the University, at this time, to re-hedge the bonds.
NOTE 10 - LEASE OBLIGATIONS

A. Capital Lease Obligations - Capital lease obligations relating to equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2014:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$274,687</td>
</tr>
<tr>
<td>2016</td>
<td>$199,508</td>
</tr>
<tr>
<td>2017</td>
<td>$57,399</td>
</tr>
<tr>
<td>2018</td>
<td>$40,002</td>
</tr>
<tr>
<td>2019</td>
<td>$5,252</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>576,848</strong></td>
</tr>
</tbody>
</table>

B. Operating Lease Obligations – The University entered into operating leases for equipment and property rental. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2014:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$6,794,805</td>
</tr>
<tr>
<td>2016</td>
<td>$4,739,647</td>
</tr>
<tr>
<td>2017</td>
<td>$3,900,772</td>
</tr>
<tr>
<td>2018</td>
<td>$3,414,361</td>
</tr>
<tr>
<td>2019</td>
<td>$3,217,753</td>
</tr>
<tr>
<td><strong>Total 2015-2019</strong></td>
<td><strong>15,126,540</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-2024</td>
<td>$12,857,790</td>
</tr>
<tr>
<td>2025-2029</td>
<td>$1,530</td>
</tr>
<tr>
<td>2030-2034</td>
<td>$1,528</td>
</tr>
<tr>
<td>2035-2039</td>
<td>$1,523</td>
</tr>
<tr>
<td>2040-2044</td>
<td>$1,520</td>
</tr>
<tr>
<td>2045-2049</td>
<td>$1,520</td>
</tr>
<tr>
<td>2050-2054</td>
<td>$1,520</td>
</tr>
<tr>
<td>2055-2059</td>
<td>$1,520</td>
</tr>
<tr>
<td>2060-2064</td>
<td>$457</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,061,266</strong></td>
</tr>
</tbody>
</table>

Depreciation for the capital assets associated with capital leases is included in depreciation expense, and accumulated depreciation for assets acquired under capital lease totaled $359,970 at June 30, 2014.

NOTE 11 - REVENUES

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

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Internal Gross Revenues</th>
<th>Internal Sales Eliminations</th>
<th>Less Scholarship</th>
<th>Less Discount</th>
<th>Less Allowance for Uncollectibles</th>
<th>Net Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>$336,005,997</td>
<td>$509,820</td>
<td>$81,255,535</td>
<td>$152,556</td>
<td>$254,088,086</td>
<td></td>
</tr>
<tr>
<td>Sales and Services</td>
<td>$289,110,775</td>
<td>$58,144,032</td>
<td>$18,306,767</td>
<td>$84,987</td>
<td>$212,574,989</td>
<td></td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>$21,759,573</td>
<td>$3,804,003</td>
<td>$0</td>
<td>(66,912)</td>
<td>$18,022,482</td>
<td></td>
</tr>
</tbody>
</table>

Rental expense for all operating leases during the year was $7,861,331.
NOTE 12 - OPERATING EXPENSES BY FUNCTION

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

<table>
<thead>
<tr>
<th></th>
<th>Salaries and Benefits</th>
<th>Supplies and Materials</th>
<th>Services</th>
<th>Scholarships and Fellowships</th>
<th>Utilities</th>
<th>Depreciation/Amortization</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$331,085,451</td>
<td>$19,520,695</td>
<td>$31,387,988</td>
<td>0</td>
<td>$3,496</td>
<td>0</td>
<td>$381,997,630</td>
</tr>
<tr>
<td>Research</td>
<td>167,709,106</td>
<td>15,514,973</td>
<td>54,484,316</td>
<td>1,102,141</td>
<td>120,206,948</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Service</td>
<td>81,156,372</td>
<td>10,861,614</td>
<td>27,476,204</td>
<td>443,758</td>
<td>76,728,666</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Support</td>
<td>43,579,479</td>
<td>14,189,949</td>
<td>18,938,881</td>
<td>20,357</td>
<td>24,306,029</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Services</td>
<td>16,535,092</td>
<td>1,470,616</td>
<td>6,081,351</td>
<td>218,970</td>
<td>81,081,278</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional Support</td>
<td>66,165,622</td>
<td>1,334,463</td>
<td>13,573,894</td>
<td>7,299</td>
<td>154,172,385</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and</td>
<td>36,452,041</td>
<td>10,352,021</td>
<td>8,199,406</td>
<td>28,527,145</td>
<td>83,530,613</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of Plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>1,078,498</td>
<td>46,696</td>
<td>1,001,840</td>
<td>45,125,241</td>
<td>47,252,275</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>69,550,024</td>
<td>39,131,789</td>
<td>38,992,873</td>
<td>6,497,699</td>
<td>154,172,385</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$813,311,685</td>
<td>$112,422,816</td>
<td>$200,405,753</td>
<td>45,125,241</td>
<td>1,285,952,770</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE 13 - PENSION PLANS

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

The Teachers’ and State Employees’ Retirement System (TSERS) is a cost-sharing multiple-employer defined benefit pension plan established by the State to provide pension benefits for employees of the State, its component units, and local boards of education. TSERS is administered by a 14-member Board of Trustees, with the State Treasurer serving as Chairman of the Board.

Benefit and contribution provisions for the TSERS are established by North Carolina General Statutes 135-5 and 135-8 and may be amended only by the North Carolina General Assembly. Employer and member contribution rates are set each year by the North Carolina General Assembly based on annual actuarial valuations. For the year ended June 30, 2014, these rates were set at 8.69% of covered payroll for employers and 6% of covered payroll for members.

For the current fiscal year, the University had a total payroll of $685,181,648, of which $305,353,765 was covered under the TSERS. Total employer and employee contributions for pension benefits for the year were $26,535,242 and $18,321,226, respectively.

Required employer contribution rates for the years ended June 30, 2013, and 2012, were 8.33% and 7.44%, respectively, while employee contributions were 6% each year. The University made 100% of its annual required contributions for the years ended June 30, 2014, 2013, and 2012, which were $26,535,242, $25,503,618, and $22,231,989, respectively.

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

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

Participants in the Program are immediately vested in the value of employee contributions. The value of employer contributions is vested after five years of participation in the Program. Participants become eligible to receive distributions when they terminate employment or retire.

Participant eligibility and contributory requirements are established by General Statute 135-5.1. Employer and member contribution rates are set each year by the North Carolina General Assembly. For the year ended June 30, 2014, these rates were set at 6.84% of covered payroll for employers and 6% of covered payroll for members. The University assumes no liability other than its contribution.

For the current fiscal year, the University had a total payroll of $685,181,648, of which $249,945,411 was covered under the Optional Retirement Program. Total employer and employee contributions for pension benefits for the year were $17,096,266 and $14,996,725, respectively.

B. Federal Employment Retirement - The Federal Retirement System is a multiple-employer retirement system and is composed of three retirement programs: the Civil Service Retirement System (CSRS) for participants employed prior to January 1, 1987, the Federal Employees Retirement System (FERS) for participants employed after January 1, 1987, and the Civil Service Retirement Offset System for reemployed CSRS employees.

North Carolina Cooperative Extension employees with federal appointments prior to January 1, 1987, participate in the CSRS. Currently, 29 employees participate in CSRS. Participating employees and the University are required by federal statute to contribute 7.0% of salary to CSRS. In addition, the CSRS employees may contribute to the Thrift Savings Plan (a defined contribution plan managed by the Federal Retirement Thrift Investment Board) up to the annual IRS annual elective limits with no agency matching contributions. Total employee and employer contributions for CSRS for the year ended June 30, 2014, was $190,524 and $210,564 respectively. Employees covered under CSRS contributed $36,713 to the Thrift Savings Plan.

Under the FERS, employees are required to contribute 0.8% of salary and the University 11.9%. Currently, six employees participate in FERS. In addition, the FERS employees may contribute to the Thrift Savings Plan up to the annual IRS annual elective limits with an agency matching contribution on up to 5.0% of the employee’s contribution. Total employee and employer contributions for the year ended June 30, 2014, were $5,522 and $82,144 respectively. For employees covered under FERS the total employee and employer contributions to the Thrift Savings Plan for the year ended June 30, 2014, were $81,078 and $34,109 respectively.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

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

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

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of the Teachers’ and State Employees’ Retirement System and contributions to the Fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are established by the General Assembly.

For the current fiscal year the University contributed 5.40% of the covered payroll under the Teachers’ and State Employees’ Retirement System and the Optional Retirement Program to the Fund. Required contribution rates for the years ended June 30, 2013, and 2012, were 5.30% and 5.0%, respectively. The University made 100% of its annual required contributions to the Plan for the years ended June 30, 2014, 2013, and 2012, which were $29,986,156, $28,822,840, and $26,143,971, respectively. The University assumes no liability for retiree health care benefits provided by the programs other than its required contribution.
Additional detailed information about these programs can be located in the State of North Carolina’s Comprehensive Annual Financial Report. An electronic version of this report is available by accessing the North Carolina Office of the State Controller’s Internet home page http://www.osc.nc.gov/ and clicking on “Reports” or by calling the State Controller’s Financial Reporting Section at (919) 707-0500.

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

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2014, the University made a statutory contribution of .44% of covered payroll under the Teachers’ and State Employees’ Retirement System and the Optional Retirement Program to the DIPNC. Required contribution rates for the years ended June 30, 2013, and 2012, were .44% and .52%, respectively. The University made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2014, 2013, and 2012, which were $2,443,316, $2,392,840, and $2,718,973, respectively. The University assumes no liability for long term disability benefits under the Plan other than its contribution.

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

NOTE 15 - RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The risk of tort claims of up to $1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers’ and employees’ liability insurance up to $10,000,000 via contract with a private insurance company. The University pays the premium, based on a composite rate, directly to the private insurer.

The University is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Such coverage is provided at no cost to the University for operations supported by the State’s General Fund. Other operations not supported by the State’s General Fund are charged for the coverage. Losses covered by the Fund are subject to a $5,000 per occurrence deductible. University departments, as an individual business decision, may also purchase through the Fund primary extended coverage for buildings and contents. Coverage may also be purchased through the Fund for theft, vandalism, sprinkler leakage, or all-risk perils. University departments also have the option to purchase all-risk coverage for computers and “miscellaneous equipment” on a scheduled basis. Flood insurance may also be purchased through the Fund for qualifying assets. Receipts-supported auxiliary units insure assets for additional perils coverage, as per the options noted above, in addition to the fire and lightning perils. General-funded departments and units insure for the perils of fire and lightning with the exception of certain coastal properties which are also insured for extended coverage perils and the peril of flood.

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

The University is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. Universities are charged a premium by the private insurance company. Coverage limit is $1,000,000 per occurrence. The applicable deductible is $25,000 per occurrence.

The University purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance and the State’s Agent of Record. The types of insurance policies purchased include: medical professional liability, veterinary professional liability, fine arts property, master crime, inland marine property for musical instruments, campers accident and sickness, athletic accident, boiler and machinery, watercraft, oceanographic equipment, and nuclear energy liability.

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

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

Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% for the current fiscal year.

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

NOTE 16 - COMMITMENTS AND CONTINGENCIES

A. Commitments - The University has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $34,242,511 and on other purchases were $341,744 at June 30, 2014.

The University has amended the Use Agreement for the PNC Arena with the Centennial Authority (a related party) and therein agreed to make scheduled capital contributions totaling $6,000,000 to the Authority’s Building Enhancement Fund over a 15 year period. The total outstanding commitment on this agreement was $3,825,000 as of June 30, 2014.

B. Pending Litigation and Claims – As previously reported, the Environmental Protection Agency (EPA) filed a civil action against the University pursuant to the Comprehensive Environmental Response, Compensation and Liability Act. The complaint sought relief that would cause the University to enter into remediation of a hazardous waste site known as “Lot 86.” The University is involved in ongoing discussions and negotiations with the EPA concerning the appropriate means for addressing the remediation. A Consent Decree executed by North Carolina State University and the EPA has been approved by the Court. Remedial clean-up pursuant to the Consent Decree continues. The remediation costs remaining are estimated to be approximately $1,600,000.

As previously reported, the NCSBAs, et. al. filed a civil action against various state officials in their official capacity seeking a judicial determination as to whether the state constitution requires certain monetary payments collected by state agencies to be paid to the local county school funds. On July 1, 2005, the NC Supreme Court held in favor of the school boards with regard to parking fines. The matter was remanded back to the trial court for disposition in accordance with the Superior Court’s decision. On August 8, 2008, the Wake County Superior Court issued judgment that the estimated amounts collected from January 1, 1996, to June 30, 2005, by UNC Campuses belong and should have been paid to the public schools of the State by payment to the State’s Civil Penalty and Forfeiture Fund. The manner in which the judgment will be settled is uncertain and is to be determined by the North Carolina General Assembly. At issue for NC State University is approximately $6,749,207 in transportation fines collected since January 1, 1996, to June 30, 2005. Of this amount, the University has transferred $2,273,817 to the Office of State Budget and Management leaving approximately $4,475,390 still outstanding. Since July 2005, the University has been forwarding transportation fine collections, less collection costs, to the Office of State Budget and Management on a monthly basis.

As previously reported, on September 16, 2005, Ward Transformer Company, Inc. and related entities (collectively the “Ward Performing Parties”) entered into a Settlement Agreement with the United States Environmental Protection Agency (“EPA”). In the Agreement, the Ward Performing Parties agreed to fund and carry out a removal action to address PCB contamination at and in the vicinity of the 11 acre Ward Transformer facility on Mount Herman Road near the Raleigh-Durham International Airport. It is currently estimated that the removal action will involve the excavation and onsite treatment or offsite disposal of approximately 60,000 cubic yards, or about 220,000 tons, of PCB contaminated soils. Current estimates indicate that the costs may be in the range upwards of $70,000,000 (the University would be responsible for a portion of this amount). The Ward Performing Parties have notified NC State that they believe that the University is responsible for some of the PCB contamination because NC State allegedly had Ward repair and refurbish transformers during the 1960’s through the 1990’s. On March 24, 2010, the Court granted the University’s Motion to Dismiss based on the 11th Amendment sovereign immunity. However, this case is still open pending an appeal by the plaintiffs. In January 2013, the EPA indicated its desire to pursue a global settlement involving all parties for all past and future remediation costs, and indicated that parties not participating in the global settlement negotiations will face enforcement action by the EPA. As the University would not have a sovereign immunity defense available in an enforcement action brought by the EPA, on March 5, 2013, the University communicated its intent to participate in future global settlement negotiations with the EPA. Such negotiations have not yet begun and it is too early to determine the potential costs to the University.

The University is a party to other litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. University management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the University.
NOTE 17 - RELATED PARTIES


These organizations serve as the primary fundraising arm of the University through which individuals, corporations, and other organizations support University programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific colleges and the University’s overall academic environment. As described in Note 1 to the financial statements, The North Carolina Agricultural Foundation, Inc., the North Carolina State University Foundation, Inc., and the NC State Student Aid Association, Inc. are considered component units of the University for reporting purposes and their financial statements are presented separately as part of the University’s financial statements. The University’s financial statements do not include the assets, liabilities, net position, or operational transactions of the other foundations, except for support from each organization to the University. This support of the foundations, excluding amounts from The North Carolina Agricultural Foundation, Inc., the North Carolina State University Foundation, Inc., and the NC State Student Aid Association, Inc. approximated $17,460,681 for the year ended June 30, 2014.

Reynolds Coliseum - The NC State Student Aid Association has agreed to fund $20,000,000 of the $35,000,000 project to renovate the University’s Reynolds Coliseum.

Nonprofit Corporation - The Centennial Authority (Authority) was created by the 1995 General Assembly (Senate Bill 606) for the purpose of studying, designing, planning, constructing, owning, promoting, financing, and operating a regional facility on land owned by the State. Prior to this act, the General Assembly authorized the construction by the University of a facility to be known as the “Entertainment and Sports Arena” (ESA). This facility serves as a regional sports entertainment center and is available for cultural performances, sporting events, and other activities of the University or of other entities (the Centennial Center project). With the 1995 legislation, the Centennial Center project was transferred to the Authority.

The Authority entered into a Ground Lease with the State of North Carolina to lease land for the ESA for a period of 99 years at an annual rent of $1. The University entered into a Use Agreement with the Authority. Both parties agreed that the University shall be the primary and preferred user of all areas of the ESA. The University is required to pay the greater of 10% of gross ticket revenues or $50,064 for each men’s and $21,903 for each women’s basketball game to compensate the Authority for facility rental and operating expenses. Rent and expense payments for miscellaneous events will be negotiated on an event by event basis based on the availability of the ESA and the anticipated attendance. In fiscal year 2012, the name of the ESA was changed to “PNC Arena.”

In fiscal year 2008, the University entered a Capital Improvement Plan Agreement with the Authority to pay $6,000,000 in quarterly installments over the next 15 years.
NOTE 18 - BLENDED COMPONENT UNITS

Condensed combining information for the University’s blended component units for the year ended June 30, 2014, is presented as follows:

Condensed Statement of Net Position
June 30, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>North Carolina State University</td>
<td>NC State Investment Fund, Inc</td>
<td>NC State University Partnership Corporation</td>
<td>Eliminations</td>
<td>Total</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$437,049,184</td>
<td>$1,294,242</td>
<td>$2,714,256</td>
<td>(167,000)</td>
<td>$440,890,682</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>1,928,501,734</td>
<td>20,326,660</td>
<td>1,948,828,394</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Noncurrent Assets</td>
<td>165,778,099</td>
<td>349,057,544</td>
<td>(37,403,048)</td>
<td>477,432,595</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,531,329,017</td>
<td>350,351,786</td>
<td>23,040,916</td>
<td>(37,570,048)</td>
<td>2,867,151,671</td>
</tr>
</tbody>
</table>

Deferred Outflows of Resources

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>105,929,367</td>
<td>280,747</td>
<td>1,830,508</td>
<td>167,000</td>
<td>108,207,622</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>808,330,603</td>
<td>6,111,012</td>
<td>37,403,048</td>
<td>851,844,663</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>914,259,970</td>
<td>280,747</td>
<td>7,941,520</td>
<td>(37,570,048)</td>
<td>960,052,285</td>
</tr>
</tbody>
</table>

Deflected Inflows of Resources

NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>North Carolina State University</th>
<th>NC State Investment Fund, Inc</th>
<th>NC State University Partnership Corporation</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in Capital Assets</td>
<td>1,313,256,264</td>
<td>13,431,247</td>
<td>1,326,687,511</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted-Nonexpendable</td>
<td>(255,181,428)</td>
<td>350,071,039</td>
<td>94,889,611</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted-Expendable</td>
<td>241,107,191</td>
<td>146,959</td>
<td>241,254,150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>254,719,510</td>
<td>1,521,190</td>
<td>256,240,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$1,553,901,537</td>
<td>$350,071,039</td>
<td>$15,099,396</td>
<td>0</td>
<td>$1,919,071,972</td>
</tr>
</tbody>
</table>

1. Total investments in the NC State Investment Fund, Inc. audit report included $247,813,077 held in the Investment Fund for the North Carolina State University Foundation, Inc and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements. See Note 2 to the financial statements. It will therefore be excluded from the Condensed Statement of Net Position and the Condensed Statement of Revenues, Expenses, and Changes in Net Position.

2. Restricted Nonexpendable assets are held in the NC State Investment Fund, Inc while the associated liabilities are held in North Carolina State University statements resulting in a negative net position before blending.
## Condensed Statement of Revenues, Expenses, and Changes in Net Position
### For the Fiscal Year Ended June 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>North Carolina State University</th>
<th>NC State Investment Fund, Inc.</th>
<th>NC State University Partnership Corporation</th>
<th>Elimination</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>750,137,914 $</td>
<td>0 $</td>
<td>7,165,316 $</td>
<td>(4,572,014) $</td>
<td>752,731,216</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>1,205,869,101</td>
<td>1,228,001</td>
<td>6,598,928</td>
<td>(5,609,670)</td>
<td>1,208,086,360</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>77,423,851</td>
<td>442,559</td>
<td>77,866,410</td>
<td></td>
<td>77,866,410</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>1,283,292,952</td>
<td>1,228,001</td>
<td>7,041,487</td>
<td>(5,609,670)</td>
<td>1,285,952,770</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>(533,155,038)</td>
<td>(1,228,001)</td>
<td>123,829</td>
<td>1,037,656</td>
<td>(533,221,554)</td>
</tr>
</tbody>
</table>

| **Nonoperating Revenues (Expenses)** |                                |                                |                                             |             |             |
|-------------------------------------|--------------------------------|--------------------------------|                                             |             |             |
| State Appropriations                | 473,005,231                    |                                |                                             |             | 473,005,231 |
| Noncapital Grants                   | 49,065,655                     |                                |                                             |             | 49,065,655  |
| Noncapital Gifts                    | 66,330,666                     |                                |                                             |             | 66,330,666  |
| Investment Income                   | (25,291,700)                   | 51,619,047                     |                                             |             | 26,327,347  |
| Other Nonoperating Expenses         | (9,454,084)                    |                                | (51,981)                                   |             | (9,506,065) |

| Net Nonoperating Revenues (Expenses)| 553,655,768                     | 51,619,047                     | (51,981)                                   |             | 605,222,834 |

| Capital Appropriations             | 12,245,901                     |                                |                                             |             | 12,245,901  |
| Capital Grants                     | 1,962,882                      |                                |                                             |             | 1,962,882   |
| Capital Gifts                      | 1,128,218                      | 2,703,294                      | (1,037,856)                                 |             | 2,793,856   |
| Additions to Endowments            | 5,890,542                      | 165,701                        |                                             |             | 6,056,243   |

| Increase in Net Position           | 41,728,273                     | 50,556,747                     | 2,775,142                                  |             | 95,060,162  |

| **Net Position**                   |                                |                                |                                             |             |             |
|------------------------------------|--------------------------------|--------------------------------|                                             |             |             |
| Net Position, July 1, 2013         | 1,512,173,264                  | 299,514,292                    | 12,324,254                                 |             | 1,824,011,810 |
| Net Position, June 30, 2014        | 1,553,901,537 $               | 350,071,039 $                 | 15,099,396 $                              | 0 $         | 1,919,071,972 |
### Condensed Statement of Cash Flows
#### June 30, 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>North Carolina State University</th>
<th>NC State Investment Fund, Inc.</th>
<th>NC State University Partnership Corporation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Used by Operating Activities</td>
<td>$(476,625,506)</td>
<td>$0</td>
<td>$(830,173)</td>
<td>$(477,455,679)</td>
</tr>
<tr>
<td>Net Cash Provided by Noncapital Financing Activities</td>
<td>632,252,701</td>
<td></td>
<td></td>
<td>632,252,701</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Capital and Related Financing Activities</td>
<td>$(179,078,216)</td>
<td></td>
<td>556,230</td>
<td>$(178,521,986)</td>
</tr>
<tr>
<td>Net Cash Used by Investing Activities</td>
<td>$(29,378,369)</td>
<td>(1,785,643)</td>
<td>$(71,025)</td>
<td>$(31,235,037)</td>
</tr>
<tr>
<td>Net Decrease in Cash and Cash Equivalents</td>
<td>$(52,829,390)</td>
<td>(1,785,643)</td>
<td>$(344,968)</td>
<td>$(54,960,001)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, July 1, 2013</td>
<td>498,273,498</td>
<td>3,079,885</td>
<td>2,748,708</td>
<td>504,102,091</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, June 30, 2014</td>
<td>445,444,108</td>
<td>1,294,242</td>
<td>2,403,740</td>
<td>449,142,090</td>
</tr>
</tbody>
</table>

### NOTE 19 - SUBSEQUENT EVENTS

On September 2, 2014, the Board of Trustees of the Endowment Fund entered into a modified agreement for the sale of Hofmann Forest. The agreement provides for the NC State Endowment Fund to receive $140 million from the sale, with the proceeds to be held for the benefit of the College of Natural Resources. The University believes the sale is likely to occur in fiscal year 2015.

### NOTE 20 - DISCREETLY PRESENTED COMPONENT UNITS

The University’s discretely presented component units use the accounting and reporting standards promulgated by FASB. Selected disclosures from the discretely presented component units’ audited financial statement follow:

#### NORTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.

**Long-Term Investments**

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position. Investments at June 30, 2014, consisted of:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>STIF</td>
<td>$197,717</td>
<td>$197,717</td>
</tr>
<tr>
<td>NC State Investment Fund, Inc. (NCSIF)</td>
<td>152,220,636</td>
<td>189,494,314</td>
</tr>
<tr>
<td>SRI Fund</td>
<td>10,139,738</td>
<td>10,269,104</td>
</tr>
<tr>
<td>Wells Fargo - Life Income Funds</td>
<td>6,630,291</td>
<td>7,265,196</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$169,188,382</strong></td>
<td><strong>$207,226,331</strong></td>
</tr>
</tbody>
</table>
Investments held by the NCSIF at June 30, 2014, were made up of limited partnerships, an investment with a Blackrock Liquid Policy Portfolio ("LPP"), a bundle of exchange-traded funds, and the STIF. As of June 30, 2014, approximately 87.9% of these limited partnerships were with the UNC Management Company, 5.1% were committed to or in other private equity investments with JP Morgan, Blackrock, and SEI, 6.8% was invested in the LPP, and 0.2% was invested in the STIF. NCSIF's net assets were valued at approximately $597,884,000 at June 30, 2014. The Foundation's investment in the NCSIF represents approximately 31.7% of the member equity of NCSIF at June 30, 2014.

The SRI Fund assets are invested in a socially responsible manner through a diversified portfolio of managers that consider environmental, social and governance issues. As of June 30, 2014, approximately 44.4% of total assets were invested with RBC SRI Wealth Management Group (RBC), 44.3% with Generation IM Global Equity A Fund, 11.1% with Calvert Bond Portfolio Fund and 0.2% in the STIF.

The Foundation’s investments held by Wells Fargo - Life Income Funds consist of a diversified portfolio of bond and equity mutual funds.

**LIFE INCOME FUNDS**

The financial statements include assets and liabilities of charitable gift annuities and unitrust agreements for which the Foundation is trustee. The grantors and/or beneficiaries retain future income interests in these assets until their death. These life income funds are recorded at fair value at the date of gift. Life income funds at June 30, 2014, have asset balances of $7,265,196.

The liabilities for distributions to grantors and/or beneficiaries are computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries, and totaled $3,954,470 at June 30, 2014. Payments from these funds were $480,111 during the year ended June 30, 2014. An unrestricted reserve account has been established in the Foundation’s Charitable Gift Annuity (“CGA”) pool to receive 5% from all new CGAs established in order to offset the liabilities for any annuities that reach exhaustion. The goal is to build the unrestricted reserve fund to equal 5% of the total value of the Foundation’s CGA pool. As of June 30, 2014, the CGA reserve balance was $23,841.

In addition to the above life income funds, the Foundation was named the recipient of an externally managed trust in 2011 which represents irrevocable life income funds with a market value totaling $21,697,842 and life income funds payable of $12,967,419 as of June 30, 2014. The Foundation is not serving as trustee for these funds. These life income funds have been reflected in the financial statements at their fair value. Estimated future distributions to the beneficiaries have been reflected in the financial statements computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries.

**PLEDGES RECEIVABLE**

Pledges receivable are stated at their present value, estimated by discounting the future cash flows using Federal Reserve rates of return, and are as follows:

- Receivable in less than one year $ 7,681,378
- Receivable in one to five years 61,835,440
- Receivable in greater than five years 2,011,450
- Total gross pledges receivable 71,528,268
- Less allowance for uncollectible pledges 237,000
- Less unamortized discount 2,478,793
- Net Pledges Receivable $ 68,812,475

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation’s outstanding pledge balance, excluding three large pledges for which signed memorandums of understanding exist and therefore the Foundation is reasonably assured of collecting. Such pledges represented approximately $66.8 million of total pledges receivable at year ended June 30, 2014. Active past due pledges receivable are reviewed semi-annually by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

**NC STATE STUDENT AID ASSOCIATION, INC.**

**PLEDGES RECEIVABLE**

The Association carries its pledges receivable at cost less a discount for pledges receivable due in more than a year and less an allowance for doubtful accounts. On a periodic basis, the Association evaluates its receivables and establishes an allowance for doubtful accounts, based on history of past write-offs and current credit conditions.

Pledges receivable at June 30, 2014, are as follows:

- Pledges Receivable $ 30,591,581
- Less Allowance for Uncollectible Pledges 1,529,579
- Less Discount on Pledges 6,029,379
- Net Pledges Receivable $ 23,032,623
- Less Current Portion 4,937,192
- Pledges Due After One Year $ 18,095,431
Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6%.

- Receivable in less than one year: $5,197,045
- Receivable in one to five years: 15,301,162
- Receivable in more than five years: 30,591,581

Less allowance for uncollectible pledges: 1,529,579
Less discount on pledges: 6,029,379

Net Pledges Receivable: $23,032,623

Under the Vaughn Towers Management and Use Agreement dated March 2013, Goal Line Drive and Wolfpack Pride campaign pledge revenues totaling $7,206,915 were committed to be paid to NCSU to retire certain facility debt and other obligations related to NCSU’s athletic facilities. Payments in the amount of $1,441,383 are due annually over five years through May 2017. The remaining commitment at June 30, 2014, was $4,324,149.

INVESTMENTS

The Association held the following investments at June 30, 2014:

<table>
<thead>
<tr>
<th>Historical Cost</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketable Equity Securities</td>
<td>$11,119,113</td>
</tr>
<tr>
<td>Other Marketable Debt Securities</td>
<td>6,929,839</td>
</tr>
<tr>
<td>U.S. Government Obligations</td>
<td>5,087,924</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>4,182,203</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>1,841,745</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$29,160,824</strong></td>
</tr>
</tbody>
</table>

Investment income (loss) consists of the following:

- Interest: $310,048
- Dividends: 446,637
- Realized Gain on Sale of Investments: 940,990
- Unrealized Gain (Loss) on Investments: 3,006,638
- Investment Expenses: (291,331)
- **Total**: $4,412,982

Investments held by the NCSIF at June 30, 2014, were made up of limited partnerships, an investment with a Blackrock Liquid Policy Portfolio (“LPP”), a bundle of exchange-traded funds, and the STIF. As of June 30, 2014, approximately 87.9% of these limited partnerships were with the UNC Management Company (UNCMC), 5.1% were committed to or in other private equity investments with JP Morgan, Blackrock, and SEI, 6.8% was invested in the LPP, and 0.2% was invested in the STIF. NCSIF’s net assets were valued at approximately $597,884,000 at June 30, 2014. The Foundation’s investment in NCSIF represents approximately 9.75% of the member’s equity of NCSIF at June 30, 2014.

The Foundation’s investments at Wells Fargo – Life Income Funds consist of a diversified portfolio of bond and equity mutual funds.

PLEDGES RECEIVABLE

Pledges receivable are stated at their present value, estimated by discounting the future cash flows using Federal Reserve rates of return, and are as follows:

| Receivable in less than one year | $4,836,917 |
| Receivable in one to five years | 5,974,240 |
| Receivable in greater than five years | 711,455 |
| **Total gross pledges receivable** | 11,522,612 |
| Less allowance for uncollectible pledges | 277,000 |
| Less unamortized discount | 221,077 |
| **Net Pledges Receivable** | $11,024,535 |

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation’s outstanding pledge balance, excluding the Prestage Family Department of Poultry Science Endowment for Excellence pledge which the Foundation is reasonably assured of collecting. Active past due pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

Two donors represent approximately $7.75 million of total undiscounted pledges receivable at June 30, 2014.
SUPPLEMENTARY INFORMATION SECTION

NORTH CAROLINA STATE UNIVERSITY

2014 ANNUAL FINANCIAL REPORT
Ratio of Net Gain in Endowment Investments
Ten Year History
For the Year Ended June 30,
(in thousands)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>End of Year</th>
<th>Beginning of Year</th>
<th>Yearly Change</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-2005</td>
<td>139,728</td>
<td>132,716</td>
<td>7,012</td>
<td>5.28</td>
</tr>
<tr>
<td>2005-2006</td>
<td>155,116</td>
<td>139,728</td>
<td>15,388</td>
<td>11.01</td>
</tr>
<tr>
<td>2006-2007</td>
<td>173,193</td>
<td>155,116</td>
<td>18,077</td>
<td>11.65</td>
</tr>
<tr>
<td>2007-2008</td>
<td>161,208</td>
<td>173,193</td>
<td>(11,985)</td>
<td>(6.92)</td>
</tr>
<tr>
<td>2008-2009</td>
<td>129,619</td>
<td>161,208</td>
<td>(31,589)</td>
<td>(19.60)</td>
</tr>
<tr>
<td>2009-2010</td>
<td>143,112</td>
<td>129,619</td>
<td>13,493</td>
<td>10.41</td>
</tr>
<tr>
<td>2010-2011</td>
<td>161,402</td>
<td>143,112</td>
<td>18,290</td>
<td>12.78</td>
</tr>
<tr>
<td>2011-2012</td>
<td>161,385</td>
<td>161,402</td>
<td>(17)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>2012-2013</td>
<td>177,402</td>
<td>161,385</td>
<td>16,017</td>
<td>9.92</td>
</tr>
<tr>
<td>2013-2014</td>
<td>205,010</td>
<td>177,402</td>
<td>27,608</td>
<td>15.56</td>
</tr>
</tbody>
</table>
### Revenue Bond Coverage

**Ten Year History**

For the Year Ended June 30,

(in thousands)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross Operating Revenues</th>
<th>Direct Operating Expenses</th>
<th>Net Revenue Available for Debt Service</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Coverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-2005</td>
<td>107,712</td>
<td>88,522</td>
<td>19,190</td>
<td>4,897</td>
<td>2,076</td>
<td>6,973</td>
<td>2.75</td>
</tr>
<tr>
<td>2005-2006</td>
<td>105,333</td>
<td>86,092</td>
<td>19,241</td>
<td>4,503</td>
<td>1,835</td>
<td>6,338</td>
<td>3.04</td>
</tr>
<tr>
<td>2006-2007</td>
<td>107,220</td>
<td>81,337</td>
<td>25,883</td>
<td>3,945</td>
<td>1,600</td>
<td>5,545</td>
<td>4.67</td>
</tr>
<tr>
<td>2007-2008</td>
<td>96,438</td>
<td>65,895</td>
<td>30,543</td>
<td>3,915</td>
<td>1,273</td>
<td>5,188</td>
<td>5.89</td>
</tr>
<tr>
<td>2008-2009</td>
<td>5,941</td>
<td>-</td>
<td>5,941</td>
<td>785</td>
<td>108</td>
<td>893</td>
<td>6.65</td>
</tr>
<tr>
<td>2009-2010</td>
<td>5,599</td>
<td>337</td>
<td>5,262</td>
<td>845</td>
<td>51</td>
<td>896</td>
<td>5.87</td>
</tr>
<tr>
<td>2010-2011</td>
<td>6,674</td>
<td>309</td>
<td>6,365</td>
<td>300</td>
<td>11</td>
<td>311</td>
<td>20.47</td>
</tr>
<tr>
<td>2011-2012</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2012-2013</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2013-2014</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Revenue Bond Coverage calculations are for the University’s Revenue Bonds secured by specific revenue streams and do not include University Bonds secured by Available Funds. The University began using Available Funds to secure borrowings in Fiscal Year 2002. The Centennial Campus 1997A Revenue Bonds were the last bonds with a pledged source of revenues and they matured in fiscal year 2011.

### Available Funds

For the Year Ended June 30,

(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Unrestricted Revenue</td>
<td>$931,724</td>
<td>$983,061</td>
<td>$1,012,317</td>
<td>$1,073,637</td>
<td>$1,090,045</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$(472,039)</td>
<td>$(478,423)</td>
<td>$(466,082)</td>
<td>$(484,022)</td>
<td>$(473,005)</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>$(148,371)</td>
<td>$(171,676)</td>
<td>$(188,766)</td>
<td>$(205,180)</td>
<td>$(215,694)</td>
</tr>
<tr>
<td>Specific Revenue Debt Service Requirements</td>
<td>$(1,223)</td>
<td>$(613)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Unrestricted Net Assets</td>
<td>$147,485</td>
<td>$166,348</td>
<td>$177,833</td>
<td>$214,419</td>
<td>$230,802</td>
</tr>
<tr>
<td>Total Available Funds</td>
<td>$457,576</td>
<td>$498,697</td>
<td>$535,302</td>
<td>$598,854</td>
<td>$632,148</td>
</tr>
</tbody>
</table>

Debt service requirements subtracted is only for the specific revenue bonds which were outstanding as of the 2002 move to available funds. The last specific revenue bonds outstanding, the Centennial Campus 1997A Revenue Bonds, matured in fiscal year 2011.
## Admissions, Enrollment and Degree Statistics

### Ten Year History of Fall Enrollment

#### (Headcount)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<td>19,148</td>
<td>19,634</td>
<td>20,435</td>
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<td>10,372</td>
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<td>10,137</td>
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<td>4,791</td>
<td>4,669</td>
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<td>4,558</td>
<td>4,564</td>
<td>4,225</td>
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<td>1,171</td>
<td>1,176</td>
<td>1,184</td>
<td>1,186</td>
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<td>575</td>
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<td>125</td>
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<tr>
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<td>81</td>
<td>81</td>
<td>93</td>
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#### Transfer Admissions

| Accepted | 1,330 | 1,305 | 1,413 | 1,358 | 1,410 | 1,390 | 1,493 | 1,313 | 1,503 | 1,519 |
| Enrolled | 1,042 | 1,027 | 1,075 | 1,029 | 1,089 | 1,097 | 1,141 | 1,027 | 1,209 | 1,215 |

#### Graduate Admissions

| Applied | 7,610 | 7,580 | 8,440 | 7,882 | 8,119 | 12,126 | 13,607 | 14,004 | 14,395 | 14,433 |
| Accepted | 2,875 | 3,050 | 3,166 | 3,330 | 3,533 | 3,800 | 3,811 | 3,865 | 3,533 | 3,500 |
| Enrolled | 1,894 | 1,929 | 1,914 | 2,100 | 2,284 | 2,362 | 2,516 | 2,613 | 2,599 | 2,609 |

#### (Percentage of Total Applications)

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<td>52.8%</td>
<td>49.6%</td>
<td>46.9%</td>
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<tr>
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<td>29.1%</td>
<td>26.4%</td>
<td>25.1%</td>
<td>23.8%</td>
<td>23.2%</td>
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<td>19.3%</td>
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</tbody>
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#### Transfer Admissions

| Accepted            | 34.8% | 375% | 35.4% | 34.2% | 374% | 35.9% | 35.9% | 34.5% | 40.1% | 38.7% |
| Enrolled            | 27.3% | 29.5% | 26.9% | 25.9% | 28.9% | 28.4% | 27.4% | 27.0% | 32.3% | 31.0% |

#### Graduate Admissions

| Accepted            | 37.8% | 40.2% | 37.5% | 42.2% | 43.5% | 31.3% | 28.0% | 27.6% | 24.5% | 24.2% |
| Enrolled            | 24.9% | 25.4% | 22.7% | 26.6% | 28.1% | 19.5% | 18.5% | 18.7% | 18.1% | 18.1% |

#### (Degrees Conferred)

| Bachelors | 4,548 | 4,566 | 4,478 | 4,558 | 4,571 | 4,611 | 4,797 | 5,175 | 5,423 | 5,468 |
| Masters    | 1,403 | 1,332 | 1,485 | 1,457 | 1,507 | 1,665 | 1,795 | 2,080 | 2,341 | 2,335 |
| Doctoral   | 338 | 343 | 369 | 411 | 328 | 457 | 422 | 395 | 446 | 488 |
| First Professional (DVM) | 76 | 73 | 75 | 75 | 74 | 73 | 77 | 79 | 72 |
| Professional | 1 | - | - | - | - | - | - | - | - | - |
| Total       | 6,366 | 6,314 | 6,407 | 6,501 | 6,480 | 6,806 | 7,091 | 7,727 | 8,289 | 8,363 |
Admissions, Enrollment and Degree Statistics

Ten Year History of Fall Enrollment

(Headcount)

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<thead>
<tr>
<th>Year</th>
<th>Undergraduate</th>
<th>Graduate</th>
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<th>Full-time</th>
<th>Part-time</th>
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<td>6,279</td>
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<td>7,033</td>
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<td>6,481</td>
<td>3,211</td>
<td>24,026</td>
<td>7,104</td>
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<td>6,826</td>
<td>2,906</td>
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<td>7,243</td>
<td>2,755</td>
<td>25,940</td>
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<td>2,753</td>
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<td>2,473</td>
<td>27,290</td>
<td>7,329</td>
</tr>
<tr>
<td>2011</td>
<td>23,770</td>
<td>8,808</td>
<td>2,073</td>
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<td>7,232</td>
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<td>2,102</td>
<td>27,108</td>
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<tr>
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<td>2,104</td>
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(Percentage of Total)

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<th>Part-time</th>
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Total Enrollment

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<th>Total Enrollment</th>
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<td>3,211</td>
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<td>2008</td>
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<td>23,392</td>
<td>8,267</td>
<td>2,753</td>
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<tr>
<td>2010</td>
<td>23,636</td>
<td>8,924</td>
<td>2,473</td>
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Admissions, Enrollment and Degree Statistics
Enrollment by County
Student Enrollment, Fall Semester 2013

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<th>Total</th>
<th>Residence</th>
<th>Total</th>
<th>Residence</th>
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Total       | 27,185 |
Admissions, Enrollment and Degree Statistics
Five Year Comparison of Enrollment by Level and College
Student Enrollment, Fall Semester

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<th>2013</th>
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<td>25,176</td>
<td>24,833</td>
<td>24,536</td>
</tr>
<tr>
<td>Total FTE Undergraduate</td>
<td>22,715</td>
<td>22,759</td>
<td>22,669</td>
<td>22,597</td>
<td>22,125</td>
</tr>
<tr>
<td>Graduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provost’s Office</td>
<td>73</td>
<td>71</td>
<td>201</td>
<td>91</td>
<td>113</td>
</tr>
<tr>
<td>Agriculture and Life Sciences</td>
<td>908</td>
<td>970</td>
<td>1,039</td>
<td>1,071</td>
<td>937</td>
</tr>
<tr>
<td>Design</td>
<td>257</td>
<td>270</td>
<td>263</td>
<td>241</td>
<td>259</td>
</tr>
<tr>
<td>Education</td>
<td>1,110</td>
<td>1,244</td>
<td>1,254</td>
<td>1,227</td>
<td>1,139</td>
</tr>
<tr>
<td>Engineering</td>
<td>2,322</td>
<td>2,491</td>
<td>2,804</td>
<td>2,819</td>
<td>2,843</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>256</td>
<td>342</td>
<td>459</td>
<td>493</td>
<td>488</td>
</tr>
<tr>
<td>Humanities and Social Sciences</td>
<td>886</td>
<td>931</td>
<td>900</td>
<td>852</td>
<td>821</td>
</tr>
<tr>
<td>Management</td>
<td>612</td>
<td>631</td>
<td>648</td>
<td>651</td>
<td>696</td>
</tr>
<tr>
<td>Physical and Mathematical Sciences</td>
<td>690</td>
<td>732</td>
<td>785</td>
<td>793</td>
<td>877</td>
</tr>
<tr>
<td>Textiles</td>
<td>157</td>
<td>189</td>
<td>179</td>
<td>168</td>
<td>185</td>
</tr>
<tr>
<td>Veterinary Medicine</td>
<td>403</td>
<td>396</td>
<td>392</td>
<td>402</td>
<td>422</td>
</tr>
<tr>
<td>Lifelong Education</td>
<td>890</td>
<td>863</td>
<td>667</td>
<td>699</td>
<td>693</td>
</tr>
<tr>
<td>Total Graduate</td>
<td>8,564</td>
<td>9,130</td>
<td>9,591</td>
<td>9,507</td>
<td>9,473</td>
</tr>
<tr>
<td>Total FTE Graduate</td>
<td>5,881</td>
<td>6,214</td>
<td>6,312</td>
<td>6,327</td>
<td>6,202</td>
</tr>
<tr>
<td>Total Headcount</td>
<td>33,819</td>
<td>34,376</td>
<td>34,767</td>
<td>34,340</td>
<td>34,009</td>
</tr>
<tr>
<td>Total FTE Enrollment</td>
<td>28,596</td>
<td>28,973</td>
<td>28,981</td>
<td>28,924</td>
<td>28,327</td>
</tr>
<tr>
<td>Percentage of Students (FTE) from Outside State</td>
<td>15.6%</td>
<td>15.8%</td>
<td>18.3%</td>
<td>18.7%</td>
<td>19.4%</td>
</tr>
</tbody>
</table>

(1) Includes First Year College.
Fall Enrollment
Freshman Admissions by Year

SAT Scores
Freshman Admissions by Year
Student Profile
Fall 2013

- **Lifelong Education**
  - Graduate
  - Under Graduate

- **Status**
  - Part Time
  - Full Time

- **Gender**
  - Female
  - Male

- **Ethnicity**
  - Hispanic
  - Asian
  - African American
  - White

- **Residence**
  - Other
  - International
  - Out of State
  - In State
  - International

- **Level**
  - Lifelong Education
  - Graduate
  - Under Graduate

- **Status**
  - Part Time
  - Full Time

- **Gender**
  - Female
  - Male

- **Ethnicity**
  - Hispanic
  - Asian
  - African American
  - White

- **Residence**
  - Other
  - International
  - Out of State
  - In State

- **Level**
  - Lifelong Education
  - Graduate
  - Under Graduate
Physical Master Plan

NC STATE UNIVERSITY
ELECTRONIC AVAILABILITY: This document is available online at http://www.fis.ncsu.edu/controller/financial_reports/default.asp

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EQUAL OPPORTUNITY STATEMENT: NC State University is dedicated to equality of opportunity. The University does not condone discrimination against students, employees, or applicants in any form. NC State commits itself to positive action to secure equal opportunity regardless of race, color, creed, national origin, religion, sex, age, or disability. In addition, NC State welcomes all persons without regard to sexual orientation.
Fiscal Year Ending June 30, 2014 Highlights

- Net position
- Total revenue
- Research contract and grant revenue
- State appropriations
- Total expenditures
Composite Financial Index Ratios
(the bigger the numbers on all ratios, the better)

**Primary Reserve Ratio** - provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets. This ratio is:

\[
\frac{\text{Expendable Net Position + Component Unit (C.U.) Expendable Net Assets}}{\text{Total Expenses + C.U. Total Expenses}}
\]

NC State’s Primary Reserve Ratio for FY2014 = **.64**
(assets available to cover expenses if needed)

**Net Operating Revenue Ratio** - answers the question, “Do operating results indicate that the University is living within available resources?” This ratio is:

\[
\frac{\text{Operating Income (loss) + Net Nonoperating revenues + C.U. Change in Unrestricted Net Assets}}{\text{Operating Revenues + Nonoperating Revenues + C.U. Total Unrestricted Income}}
\]

NC State’s Net Operating Revenue Ratio for FY2014 = **.06**
(this is our annual net surplus % – similar to margin in private sector)
Composite Financial Index Ratios

**Return on Net Position Ratio** - determines whether an institution is financially better off than in the previous year by measuring total economic return. This ratio is:

\[
\frac{\text{Change in Net Position} + \text{C.U. Change in Net Assets}}{\text{Total Net Position} + \text{C.U. Total Net Assets}}
\]

NC State’s Return on Net Position Ratio for FY2014 = **0.09**
(we are growing net assets – retained earnings in private sector terms)

**Viability Ratio** - measures expendable resources that are available to cover debt obligations and governs an institution’s ability to assume new debt. This ratio is:

\[
\frac{\text{Expendable Net Assets} + \text{C.U. Expendable Net Assets}}{\text{Long-Term Debt} + \text{C.U. Long-Term Debt}}
\]

NC State’s Viability Ratio for FY2014 = **1.31**
(unencumbered assets available to liquidate and pay off debt)
## Composite Financial Index Score

<table>
<thead>
<tr>
<th>STRENGTHS AND WEIGHTS WORKSHEET - 2014</th>
<th>RATIO</th>
<th>STRENGTH: DIVIDE RATIO BY THESE FACTORS</th>
<th>WEIGHT: MULTIPLY STRENGTH BY THESE FACTORS</th>
<th>CFI SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Reserve</td>
<td>0.64</td>
<td>/ 0.133</td>
<td>x 0.35</td>
<td>1.69</td>
</tr>
<tr>
<td>Net Income Operations</td>
<td>0.06</td>
<td>/ 0.007</td>
<td>x 0.10</td>
<td>0.89</td>
</tr>
<tr>
<td>Return on Net Position</td>
<td>0.09</td>
<td>/ 0.02</td>
<td>x 0.20</td>
<td>0.87</td>
</tr>
<tr>
<td>Viability</td>
<td>1.31</td>
<td>/ 0.417</td>
<td>x 0.35</td>
<td>1.10</td>
</tr>
<tr>
<td><strong>CFI SCORE (Total of Last Column)</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>4.56</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SCALE LEVEL</th>
<th>CFI SCORING RANGE</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>-1 to 1</td>
<td>Assess viability of institution's survival</td>
</tr>
<tr>
<td>Two</td>
<td>0 to 2</td>
<td>Reengineer the institution</td>
</tr>
<tr>
<td>Three</td>
<td>1 to 3</td>
<td></td>
</tr>
<tr>
<td>Four</td>
<td>2 to 4</td>
<td>Direct resources toward transformation</td>
</tr>
<tr>
<td>Five</td>
<td>3 to 5</td>
<td></td>
</tr>
<tr>
<td>Six</td>
<td>4 to 6</td>
<td><strong>Focus resources to compete</strong></td>
</tr>
<tr>
<td>Seven</td>
<td>5 to 7</td>
<td></td>
</tr>
<tr>
<td>Eight</td>
<td>6 to 8</td>
<td>Experiment with new initiatives</td>
</tr>
<tr>
<td>Nine</td>
<td>7 to 9</td>
<td>Experiment with new initiatives; achieve a robust mission</td>
</tr>
<tr>
<td>Ten</td>
<td>&gt; 9</td>
<td>Deploy resources to achieve a robust mission</td>
</tr>
</tbody>
</table>

Standards used in Financial Analysis by NACUBO
Annual Report on Endowments and Investments
NC State University

Audit, Risk Management & Finance Committee
February 20, 2015
Presented by Mary Peloquin-Dodd, University Treasurer
NC State University & Associated Entities
10-Year History of Endowment Market Values and Performance Returns

DATA SOURCE: NC State responses to NACUBO/Commonfund Annual Endowment Surveys
## 2014 NACUBO/Commonfund Endowment Study Results

### Market Value per Student FTE (in 000’s)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Market Value (in 000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Texas A&amp;M</td>
<td>$195.2</td>
</tr>
<tr>
<td>Georgia Tech</td>
<td>$93.8</td>
</tr>
<tr>
<td>* Wisconsin-Madison</td>
<td>$70.1</td>
</tr>
<tr>
<td>Ohio State</td>
<td>$61.0</td>
</tr>
<tr>
<td>Michigan State</td>
<td>$47.4</td>
</tr>
<tr>
<td>Penn State</td>
<td>$43.3</td>
</tr>
<tr>
<td>Purdue</td>
<td>$42.7</td>
</tr>
<tr>
<td>NC State University</td>
<td>$31.2</td>
</tr>
<tr>
<td>Illinois</td>
<td>$31.2</td>
</tr>
<tr>
<td>Florida</td>
<td>$30.3</td>
</tr>
<tr>
<td>* California-Davis</td>
<td>$28.2</td>
</tr>
<tr>
<td>Virginia Tech</td>
<td>$27.1</td>
</tr>
<tr>
<td>Iowa State</td>
<td>$24.2</td>
</tr>
<tr>
<td>Arizona</td>
<td>$19.5</td>
</tr>
<tr>
<td>* Rutgers-New Brunswick</td>
<td>$16.1</td>
</tr>
<tr>
<td>Maryland-College Park</td>
<td>$14.8</td>
</tr>
<tr>
<td>Colorado State</td>
<td>$11.5</td>
</tr>
</tbody>
</table>

* Council for Aid to Education (CAE) is data source for these peer institutions because campus specific data is not reported to NACUBO/Commonfund.
## 2014 NACUBO/Commonfund Endowment Study Results

### Rates of Return for Periods Ended June 30, 2014

<table>
<thead>
<tr>
<th>Investment Pool Assets</th>
<th>One Year</th>
<th>Five Year</th>
<th>Ten Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than $1.0 billion</td>
<td>16.5%</td>
<td>12.1%</td>
<td>8.2%</td>
</tr>
<tr>
<td>$501 million to $1 billion</td>
<td>15.8%</td>
<td>11.8%</td>
<td>7.3%</td>
</tr>
<tr>
<td>$101 million to $500 million</td>
<td>15.5%</td>
<td>11.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Public Institutions</td>
<td>15.7%</td>
<td>11.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>NC State University and Foundations (combined response)</td>
<td>15.8%</td>
<td>10.2%</td>
<td>6.8%</td>
</tr>
<tr>
<td>NC State Investment Fund, Inc.</td>
<td>15.7%</td>
<td>11.2%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

*NC State University and Foundations ranked 102 out of 851 respondents with a combined market value of $885.1 million.*
NC State University
Associated Entities and University Endowment Fund
Net Assets at Market Value

Total Net Assets FYE 6-30-14: $1.2 billion
Total Net Assets FYE 6-30-05: $484.0 million

NOTE: Excludes the NC State University Club and The State Club.

DATA SOURCE: Audited annual financial statements, except NC State Endowment Fund which was taken from annual board reports.
BOT Fiscal Year 2015 Engagement Status Spreadsheet Chart - 1-22-15

In Process, 16

Closed, 4

Not Started, 4

On Hold, 1

Completed, 1

Canceled, 0

Returned to Continuous RA Process, 0
## NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
### FISCAL YEAR 2015 ENGAGEMENT STATUS SPREADSHEET
#### AS OF JANUARY 22, 2015

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY15 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative Extension Service - Poultry Extension Investigation</td>
<td>No - Carried forward</td>
<td>Complete</td>
<td>The objective of the audit was to investigate internally reported allegations of potential misuse of state funds by an employee. 3 issues were reported relating to a lack of oversight and diversion of University funds. Report issued 12/15/14. 3 Issues - Corrective actions in process.</td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Performance Audit - Effectiveness of Faculty Training</td>
<td>No - Carried forward</td>
<td>In Process</td>
<td>The objective of the audit is to review the effectiveness of the Mandatory Summer Salary Training for faculty who receive non-instructional summer pay from contracts and grants and for the individuals involved with approving and processing such payments as mandated in the 3D memo issued on 3/12/13.</td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Compliance Audit - Summer 2013 Effort Reporting with Travel</td>
<td>No - Carried forward</td>
<td>In Process - Report in Review</td>
<td>The objective of the audit is to assess compliance to Federal and University requirements which requires faculty members to certify effort which reasonably approximates how the faculty member actually worked, including any travel during Summer 2013. Specifically, the review will assess agreement between Summer 2013 effort reporting, salary charges, and travel on contract and grant projects.</td>
</tr>
<tr>
<td>College of Agriculture and Life Sciences - 4-H Extension Horse Husbandry Misuse of Funds</td>
<td>No - Carried forward</td>
<td>In Process</td>
<td>The objective of the audit is to investigate allegations from an external source concerning misuse of 4-H Extension Horse Husbandry funds.</td>
</tr>
<tr>
<td>Data Security Controls Related to Peripheral Devices</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to review the effectiveness of logical security controls over University data processed or stored on peripheral devices (printers, scanners, copiers, etc.).</td>
</tr>
<tr>
<td>Audit of Controls Over the Usage of Restricted Gifts</td>
<td>No - Carried forward</td>
<td>In Process</td>
<td>The objective of the audit is to evaluate the adequacy and effectiveness of controls over restricted gift expenditures from foundation accounts.</td>
</tr>
<tr>
<td>College of Sciences - Mathematics Grant Funds Investigation</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to investigate allegations concerning potential misuse of grant funds.</td>
</tr>
</tbody>
</table>

### KEY:
- **Complete**
- **In Process**
- **Returned to Continuous RA**
- **Not Started**
- **On-Hold**
- **Scope Change**
- **Closed**
## NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2015 ENGAGEMENT STATUS SPREADSHEET
AS OF JANUARY 22, 2015

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY15 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of Security Controls Over University Research Data</td>
<td>Yes</td>
<td>On-Hold</td>
<td>The objective of the audit is to evaluate general information technology controls related to University research data; this will include assessment of physical and logical security and backup and recovery of research data. Audit placed on hold status due to new Office of Information Technology Security and Compliance initiative under way now to address Research Data Security. Director consulting on this initiative.</td>
</tr>
<tr>
<td>Employee Time and Leave Management</td>
<td>Yes</td>
<td>Not Started</td>
<td>The objective of the audit is to test for compliance to Fair Labor Standards Act requirements relating to employee compensatory time and overtime hours earned.</td>
</tr>
<tr>
<td>FREEDM Center - Financial Controls</td>
<td>Yes</td>
<td>Not Started</td>
<td>The objective of the audit is to test financial expenditures within the FREEDM Center to determine compliance to Federal, State, and University requirements and ensure appropriate internal controls are in place.</td>
</tr>
<tr>
<td>Travel Reimbursement Audit</td>
<td>Yes</td>
<td>Not Started</td>
<td>The objective of the audit is to determine if the enhanced travel reimbursement process (implemented 2/2013) is functioning effectively and with appropriate internal controls to ensure compliance to University requirements.</td>
</tr>
</tbody>
</table>

### Prior Years Audit Follow-Up
Office of State Auditor Single Audit Report Fiscal Year 2013 - Student Financial Assistance Compliance Cluster Portion - Follow-up | Yes | Closed | The objective of the audit was to follow-up on the implementation of corrective actions relating to recommendations made by the Office of the State Auditor (2/18/14). The recommendations related to the timing of notice to lenders of changes in enrollment status. Note: Internal Audit Division issued a 90-day follow-up report to UNC-GA and the Office of the State Auditor on 6/5/14. UNC-GA indicated (8/22/14) that actions already taken by University management complied with the audit finding resolution requirements for making significant progress within 90 days of the report issue date. Thus, no additional follow-up reporting to UNC-GA or Office of the State Auditor is required. The Internal Audit Division conducted a follow-up review and determined all corrective actions for the issues reported were fully and successfully implemented. This audit is considered closed as of 8/22/14. |
<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY15 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of State Auditor Single Audit Report Fiscal Year 2013 - Research and Development Compliance Cluster Portion - Follow-up</td>
<td>Yes</td>
<td>Closed</td>
<td>The objective of the audit was to follow-up on the implementation of corrective actions relating to recommendations made by the Office of the State Auditor (2/18/14). The recommendations related to adding a level of management review and approval to one Federal grant data report prior to its submission. Note: Internal Audit Division issued a 90-day follow-up report to UNC-GA and the Office of the State Auditor on 6/5/14. UNC-GA indicated (8/22/14) that actions already taken by University management complied with the audit finding resolution requirements for making significant progress within 90 days of the report issue date. Thus, no additional follow-up reporting to UNC-GA or Office of the State Auditor is required. The Internal Audit Division conducted a follow-up review and determined all corrective actions for the issues reported were fully and successfully implemented. This audit is considered closed as of 8/22/14.</td>
</tr>
<tr>
<td>Martin County Cooperative Extension Service (CES) - Travel Reimbursement Investigation - Follow-up</td>
<td>Yes</td>
<td>Closed</td>
<td>The objective of the audit was to follow-up on the implementation of corrective actions relating to recommendations made by the Internal Audit Division. The objective of the original audit was to investigate internal allegations of potential misuse of assets at the Martin County CES Office. The allegations were substantiated. The Internal Audit Division identified 55 instances of falsified mileage in Fiscal Year 2011. The employee made restitution and is no longer employed with the University. Original report issued 6/10/13. The Internal Audit Division conducted a follow-up review and determined all corrective actions for the issues reported were fully and successfully implemented. This audit is considered closed as of 11/18/14.</td>
</tr>
</tbody>
</table>

KEY: Closed, Scope Change, Not Started, On-Hold, Complete, In Process, Returned to Continuous RA
## Engagement Status as of January 22, 2015

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY15 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Affairs - Information Technology (IT) General Controls - Follow-up</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to follow-up on the implementation of corrective actions relating to recommendations made by the Internal Audit Division. The objective of the original audit was to evaluate the effectiveness of governance over processes and procedures that apply to the overall Student Affairs IT operations. 10 issues were reported related to IT oversight and strategic planning, IT project management practices; improvements for division-wide IT efficiency and effectiveness; physical and logical security; and procedure documentation. The corrective action implementation date has been extended to Fiscal Year 2014 due to the merger of the Division of Student Affairs and the Division of Undergraduate Academic Programs. Original report issued 6/23/11. Follow-up successfully completed for 6 of 10 issues. Follow-up on remaining issues in process.</td>
</tr>
<tr>
<td>University Network Firewall Protection Service Audit - Follow-up</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to follow-up on the implementation of corrective actions relating to recommendations made by the Internal Audit Division. The objective of the original audit was to review University firewall services to ensure appropriate protection of critical computer systems and sensitive data, adherence to University requirements, and external regulatory and compliance mandates. 12 issues were reported related to physical security and environmental protection controls; overall University firewalling policy and strategy; and logical access control and documentation of standards and procedures. Original report issued 9/13/12. Follow-up successfully completed for 5 of 12 issues. Follow-up on remaining issues in process.</td>
</tr>
<tr>
<td>Engagement</td>
<td>On Original FY15 Audit Plan?</td>
<td>Status</td>
<td>Auditor Comments</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------</td>
<td>----------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Office of the State Auditor Information Technology - Audit Letter Issued to the Vice Chancellor for Information Technology - Follow-up</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to follow-up on the implementation of corrective actions relating to two recommendations made by the Office of the State Auditor (12/18/12). The recommendations related to passwords requirements and system administrator access controls. Note: UNC-GA indicated (12/21/12) that actions already taken by University management complied with the audit finding resolution requirements for making significant progress within 90 days of the report issue date. Thus, no additional follow-up reporting to UNC-GA or Office of the State Auditor is required. Follow-up successfully completed for 1 of 2 issues. Follow-up on remaining issue in process.</td>
</tr>
<tr>
<td>Office of Information Technology - Infrastructure, Systems, and Operations - Virtual Computing Services - Follow-up</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to follow-up on the implementation of corrective actions relating to recommendations made by the Internal Audit Division. The objective of the original audit was to evaluate the Office of Information Technology Virtual Computing Services environment to ensure appropriate implementation of management, process, and technical controls. 6 issues were noted related to security configuration, digital certificates, administrative privileges, review process, disaster recovery planning, and standard operating procedures. Original report issued 11/6/13. Follow-up on issues in process.</td>
</tr>
</tbody>
</table>

**KEY:**

- **Closed**
- **Scope Change**
- **Not Started**
- **On-Hold**
- **Complete**
- **In Process**
- **Returned to Continuous RA**
<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY15 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Information Technology - WolfTech Active Directory - Security and Operational Controls - Follow-up</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to follow-up on the implementation of corrective actions relating to recommendations made by the Internal Audit Division. The objective of the original audit was to verify adequate security and effective operational controls for the WolfTech Active Directory service. WolfTech is the official University information technology directory service used for central administration and security of Microsoft-based personal computers and servers deployed across the University. 12 issues were noted related to the overall active directory strategy, physical security, disaster recovery, operational monitoring, technical security weaknesses, and documentation of standard procedures. Original report issued 2/18/13. Follow-up successfully completed for 4 of 12 issues. Follow-up on remaining issues in process.</td>
</tr>
<tr>
<td>Center for Marine Sciences and Technology 3rd Party Lodging Allegation - Follow-up</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to follow-up on the implementation of corrective actions relating to recommendations made by the Internal Audit Division. The objective of the original audit was to investigate an allegation related to third-party lodging expenditures being non-compliant to State and University policies. 5 issues were noted related to non-salary compensation, delegated authority, Office of State Budget and Management policies, University policy, and processing long-term stay arrangements. Original report issued 4/29/14. Follow-up successfully completed for 4 of 5 issues. Follow-up on remaining issue in process.</td>
</tr>
</tbody>
</table>
## NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
### FISCAL YEAR 2015 ENGAGEMENT STATUS SPREADSHEET
#### AS OF JANUARY 22, 2015

<table>
<thead>
<tr>
<th>Engagement</th>
<th>On Original FY15 Audit Plan?</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
</table>
| Controls over Purchase Cards (PCards) - Follow-up | Yes | In Process | The objective of the audit is to follow-up on the implementation of corrective actions relating to recommendations made by the Internal Audit Division. The objective of the original audit was to review both the University-level and Departmental-level purchase card processes, internal controls, and compliance with College/University policy and funding source requirements. This included reviewing PCard purchases for compliance to University Trust Fund Guidelines and NCSU Basic Spending Guidelines by Fund Source which define how and what expenditures can be processed by the various types of funds. We also evaluated whether the internal controls provide reasonable assurance that PCard purchases meet University Policies, Regulations, and Rules; guidelines; or best practices. Specifically, the following internal controls were reviewed:  
* Ongoing monitoring  
* Segregation of duties  
* Reconciliation  
* Spending limit  
* Disallowed or blocked items  
* Unapproved vendors (e.g., debarred vendors)  
* PCard suspension/deactivation  
4 issues were noted related to defined responsibility and authority, internal controls, reports, and University requirements.  
Original report issued 8/13/14.  
Follow-up on issues in process. |

### Consulting Engagements

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Status</th>
<th>Auditor Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAS &quot;Data Use Roadmap&quot; Functional Team</td>
<td>Closed</td>
<td>Director was a team member to help develop a roadmap for NC State on building the tools to enhance our use of data to make informed management decisions.</td>
</tr>
<tr>
<td>University Information Technology Strategic Advisory Committee (ITSAC) and Security Subcommittees</td>
<td>Yes, In Process</td>
<td>Director is a member of the ITSAC which focuses on ensuring that the University makes the best possible decisions in advancing the use of technology to meet its mission, vision, and goals.</td>
</tr>
<tr>
<td>Engagement</td>
<td>On Original FY15 Audit Plan?</td>
<td>Status</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Workers Compensation Benefits - Office of State Human Resources State-Wide Vendor</td>
<td>No - Carried forward</td>
<td>In Process</td>
</tr>
<tr>
<td>Cooperative Extension Service</td>
<td>Yes</td>
<td>In Process</td>
</tr>
<tr>
<td>Sponsored Programs and Regulatory Compliance Service (SPARCS) - General Information Technology (IT) Controls Assessment</td>
<td>Yes</td>
<td>Not Started</td>
</tr>
</tbody>
</table>
SRM Process

Objective Setting

Communication, and Monitoring

Internal Environment

Risk Identification

Risk Response

Risk Assessment

Source: The Committee of Sponsoring Organizations of the Treadway Commission
<table>
<thead>
<tr>
<th>Rank</th>
<th>Risk</th>
<th>Risk Category</th>
<th>Risk Score</th>
<th>Preparedness</th>
<th>Risk Owner(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Faculty Loss (compensation)</td>
<td>Leadership and Faculty</td>
<td>17.74</td>
<td>2.18</td>
<td>Executive Vice Chancellor &amp; Provost</td>
</tr>
<tr>
<td></td>
<td>Inability to attract and retain faculty due to lack of competitive compensation and benefit packages.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Reduced Funding</td>
<td>Financial</td>
<td>16.39</td>
<td>2.48</td>
<td>Executive Vice Chancellor &amp; Provost, Vice Chancellor for Finance &amp; Business, Vice Chancellor for Advancement, Asst. to the Chancellor for Ex. Affairs</td>
</tr>
<tr>
<td></td>
<td>Further reduction in funding from the NC General Assembly</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Key Administrative Personnel Loss</td>
<td>Leadership</td>
<td>16.24</td>
<td>2.23</td>
<td>Executive Vice Chancellor &amp; Provost, Vice Chancellor for Finance &amp; Business, Vice Chancellor for Advancement, Asst. to the Chancellor for Ex. Affairs</td>
</tr>
<tr>
<td></td>
<td>Loss of key personnel (non-faculty) due to lack of flexibility in salary and benefits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Faculty Loss (infrastructure)</td>
<td>Leadership and Faculty</td>
<td>12.24</td>
<td>2.41</td>
<td>Executive Vice Chancellor &amp; Provost</td>
</tr>
<tr>
<td></td>
<td>Inability to attract and retain faculty due to substandard infrastructure.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Data Breach</td>
<td>Operational</td>
<td>11.88</td>
<td>2.98</td>
<td>Vice Chancellor for IT</td>
</tr>
<tr>
<td></td>
<td>Data breach results in release of confidential student and/or personnel information.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Loss Research Grants</td>
<td>Financial</td>
<td>11.78</td>
<td>2.49</td>
<td>Vice Chancellor for ORIED</td>
</tr>
<tr>
<td></td>
<td>Loss or a significant decline in federal research grants and contracts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Technology Disruption</td>
<td>Operational</td>
<td>11.26</td>
<td>3.05</td>
<td>Vice Chancellor for IT</td>
</tr>
<tr>
<td></td>
<td>Technology disruption to campus-wide systems.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Loss of Key Leaders</td>
<td>Leadership</td>
<td>11.09</td>
<td>2.84</td>
<td>Chancellor</td>
</tr>
<tr>
<td></td>
<td>Loss of key leaders (executive officers) will disrupt progress towards strategic objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Research Scandal</td>
<td>Reputation</td>
<td>10.53</td>
<td>2.72</td>
<td>Vice Chancellor for ORIED</td>
</tr>
<tr>
<td></td>
<td>Research scandal adversely impacts NC State’s reputation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Employee Misconduct</td>
<td>Reputation</td>
<td>9.80</td>
<td>3.05</td>
<td>Chancellor, Vice Chancellor &amp; General Counsel</td>
</tr>
<tr>
<td></td>
<td>Employee misconduct adversely impacts NC State’s reputation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MARKET COMMENTARY

A sharp decline in energy prices, along with an increase in geopolitical concerns and a divergence in global central bank policies, drove the volatility in the global markets for the quarter ending 12/31/14. Foreign investors saw the U.S. Treasuries market as a safe haven from riskier assets, which in turn drove the longer end of the yield curve down to historically low levels. The Federal Reserve continued to put pressure on the short-end of the curve by signaling to the markets an eventual increase in rates in 2015. Meanwhile the European, Japanese and Chinese Central Banks continued their accommodative monetary policy.

The S&P Goldman Sachs Commodity Index was down -27.67% for the quarter, which made it the worst performing asset class for the quarter. Declining oil and natural gas prices have been driven primarily due to an increase in U.S. supply through cheaper technology but neither have global producers pulled back from production. The best performing asset class for the quarter was the public real estate index, up 14.2%. This performance was driven both by low long-term interest rates, and improved fundamentals such as lower commercial vacancy rates.

As a result of a macro environment characterized by economic divergence and increasing volatility, the fourth quarter of calendar 2014 produced mixed investment performance for various asset classes. However, the diversified and defensively positioned NC State Investment Fund outperformed the Global Index (70% ACWI/30% Barclay’s Aggregate) return of 0.83% by 95 basis points, returning 1.78% as of December 31, 2014. Global Equities were essentially flat at 0.41% for the quarter, but were up 4.16% for the one-year period. Domestic equities outperformed the international sector for the quarter and 12 month period, with a return of 5.24% and 12.56%, respectively. We believe the Fund’s return for the quarter and year were both competitive and favorable as a whole, and overall long-term performance continues to meet our objectives.

The Fund is invested with several managers in a wide variety of asset classes. The largest investment manager, UNCMC, manages 88% of the Fund’s assets in the UNCIF, which produced a 1.65% return for the three months ended December 31, 2014. The Fund employs additional private equity managers, who oversee 5% of the portfolio, and the three month return as of December 31, 2014 for that portion of the portfolio was a strong 3.01%. The Fund’s Liquid Policy Portfolio (LPP), managed by Blackrock, at 7% of the portfolio, returned 2.58% for the three months ended December 2014.

PERFORMANCE

<table>
<thead>
<tr>
<th>December 31, 2014</th>
<th>$637 million</th>
<th>Participants: 9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance</strong></td>
<td>QTD</td>
<td>FYTD</td>
</tr>
<tr>
<td>Fund</td>
<td>1.8%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Policy Index (1)</td>
<td>0.6%</td>
<td>1.1%</td>
</tr>
<tr>
<td>UNCIF</td>
<td>1.7%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Global Index (2)</td>
<td>0.8%</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

**Note 1:** Policy Index= UNCIF’s Strategic Investment Policy Portfolio Index (SIPP). For the 10 year period, Policy Index = Blended Historical Benchmark.

**Note 2:** Global Index= 70% ACWI; 30% Barclay’s Aggregate
The Fund is managed as a broadly diversified portfolio with exposure to seven 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, through UNCMC, 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.

The UNCMC was established on January 1, 2003 as an exempt 501 (c)(3) organization. It is a professionally-staffed asset management company created to provide investment services to the University of North Carolina at Chapel Hill and its affiliated entities, to the constituent institutions of the UNC system and system affiliated foundations, associations, trusts, and endowments.

With 30 employees, UNCMC has two teams, Investment Management and Operations. The Investment Management team manages all public and private investments of the UNCIF. Their responsibilities include evaluating and monitoring investment managers, recommending changes to investment objectives and asset allocation and implementing investment decisions approved by Chapel Hill Investment Fund’s (CHIF) Executive Committee. The Operations Team performs all administrative, legal, accounting, and performance reporting duties.

<table>
<thead>
<tr>
<th>Allocation by Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCIF</td>
</tr>
<tr>
<td>87.5%</td>
</tr>
</tbody>
</table>

Note 1: Sharpe Ratio: Excess return per unit of risk
BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY

Buildings and Property Committee
Time: 2:45 – 4:15 p.m., February 19, 2015
Primrose Hall Conference Room
Ramsey, Chair
Members: Clark, Lanier, Mattocks, Murphy, Sall

AGENDA

CALL TO ORDER
Randy Ramsey, Chair, Buildings and Property Committee
- Roll Call
- Reading of the State Government Ethics Act

1. CONSENT AGENDA
Minutes
Randy Ramsey, Chair, Buildings and Property Committee
- Approval of November 20, 2014 meeting minutes 5.1.A

Property Matters
Ralph Recchie, Real Estate Director
✓ Disposition by Easement: Approximately 10 feet x 800 feet to AT&T from Centennial Campus and extending along the south side of Blair Drive. The non-exclusive easement will facilitate the extension of fiber optic facilities to the neighboring Food Runners Collaborative located on adjoining NCDA&CS land to the east. 5.1.B

Designer and CM@Risk Selections
Steve Arndt, Associate Vice Chancellor for Facilities
- MRC Cleanroom Renovations – Centennial Campus (CM@Risk) 5.1.C.1
- Approval of Designer Selections Less Than $500,000 5.1.C.2

Acceptance of Completed Buildings and Projects
Steve Arndt, Associate Vice Chancellor for Facilities
- The University and Office of State Construction have accepted the attached list of completed buildings and projects with dollar values greater than $2,000,000. The University has accepted the attached list of completed buildings and projects with dollar values less than $2,000,000. All are recommended to the Buildings and Property Committee for formal 5.1.D
acceptance. This listing represents buildings and projects received since the November 20, 2014 meeting.

**Alcohol Policy**  
*Brent McConkey, Assistant General Counsel*

> Complete Revision of the Alcohol Policy 5.1.E

***END OF CONSENT AGENDA ITEMS***

2. **PROPERTY MATTERS (Received after Full Board Mailing)** TAB 2

3. **PLAN REVIEW AND APPROVAL** TAB 3  
*Lisa Johnson, University Architect*

**Plan Review**  
- Textiles Innovation Center – Centennial Campus 5.3.A

**Plan Approval**  
- Conference Center and Hotel – Centennial Campus 5.3.B.1
- Approval of Plans and Specifications of Formal Projects less than $2 million 5.3.B.2

4. **INFORMATIONAL REPORTS** TAB 4  

- Capital Projects Update *(Steve Arndt)* 5.4.A.1  
- Status of Projects in Planning *(Lisa Johnson)* 5.4.A.2

ADJOURN
Agenda Item / Issue: Consent Agenda

Requested / Required Action: Approval of the items contained in the Consent Agenda to include committee meeting minutes for November 20, 2014, property matters, designer and construction manager at risk selections, acceptance of completed buildings and projects, complete revision of alcohol policy.

Suggested Motion: Move approval of the Consent Agenda.

Responsible University Unit: Office of Finance & Business
University Presenter/Contact: Steven A. Arndt, Associate Vice Chancellor for Facilities
Minutes

Meeting No.: 14-15: 2

Location: Primrose Hall Conference Room

Time: 2:45 – 3:30 p.m.

Committee Members Present:
Mr. Randall Ramsey, Chair
Mr. Jimmy Clark
Ms. Gayle Lanier
Mr. Bob Mattocks
Mr. Wendell Murphy
Mr. John Sall

Present from the University:
Mr. Charles Leffler, Vice Chancellor, Finance and Business
Mr. Marvin Malecha, Dean, College of Design
Ms. Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer
Mr. Michael Harwood, Associate Vice Chancellor, Centennial Campus Development
Mr. Steven Arndt, Associate Vice Chancellor, Facilities
Mr. Brent McConkey, Assistant General Counsel, Office of General Counsel
Ms. Lisa Johnson, University Architect
Mr. Ralph Recchie, Director, Real Estate
Ms. Amy Mull, Director of Planning and Communication, Finance and Business
Ms. Lynn Burris, Executive Assistant, Facilities Division
Mr. Ron Grote, University Program Specialist, Facilities Division

CALL TO ORDER
Chair Ramsey called the meeting to order at 2:45 p.m.

ROLL CALL
Chair Ramsey called the roll. All were present.
STATE GOVERNMENT ETHICS ACT
At the beginning of the meeting, Chair Ramsey 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 with respect to any matters coming before the Buildings and Property Committee at this meeting. The committee members had no conflicts of interest or appearances thereof.

CONSENT AGENDA
Minutes
Chair Ramsey asked whether there were any corrections to the September 18, 2014 meeting minutes. There being none, Chair Ramsey declared the minutes stand approved as drafted.

Property Matters
Chair Ramsey asked Mr. Recchie to present the three property matters that require full board approval. Recchie presented the following:
- Disposition by Easement to the Board of Trustees for the Endowment Fund of North Carolina State University for both storm water control and retention and for cross access related to the development of the Centennial Biomedical Campus Flex Lab Building and for future Endowment Fund sites on the Centennial Biomedical Campus
- Disposition by Lease of Swannanoa 4-H Center in Buncombe County, NC for a term of 60 years to a camp operator that will be selected through a Request For Proposal process. Recchie said that the Real Estate Office has some likely candidates. Mr. Mattocks asked why the term was 60 years. Recchie replied that banks will lend as long as the term exceeds 30 years. In this case, it was doubled in the event of refinancing.
- Acquisition by Lease of approximately 44,241 square feet of office and laboratory space in the Textiles Innovation Center on Centennial Campus from Keystone Development Corporation for the Non-Wovens Institute for a term of 10 years

Chair Ramsey called for a motion and a second to recommend to the full board approval of the three items as outlined by Mr. Recchie. Mr. Sall made the motion, which Ms. Lanier seconded. Ramsey asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

Chair Ramsey asked Mr. Recchie to present the one property matter that requires committee approval only. Recchie presented Acquisition by Lease of approximately 9,400 square feet of office space for the Next Generation Power Electronics Manufacturing Innovation Institute / Power America in the Venture Place on Centennial Campus. This lease was originally approved on April 24, 2014 for a term of 3 years. The Institute is now seeking a term of up to 10 years.

Chair Ramsey called for a motion and a second to approve the item. Mr. Clark made the motion, which Mr. Murphy seconded. Ramsey asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

Designer Selections
Chair Ramsey asked Mr. Arndt to discuss the designer selections. Arndt presented 10 Designer...
selections. Chair Ramsey called for a motion and a second to approve the selections as outlined by Mr. Arndt. Mr. Murphy made the motion, which Mr. Sall seconded. Ramsey asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

Acceptance of Completed Buildings and Projects
Chair Ramsey asked Mr. Arndt to present the completed buildings and projects for acceptance. Arndt requested acceptance of five completed projects with a combined value of $9.9 million. The list included acceptance of Talley Student Union northeast entrance, Tech Tower, and elevator #7 with a value of $3.6 million.

Chair Ramsey called for a motion and a second to accept as outlined by Mr. Arndt. Mr. Clark made the motion, which Ms. Lanier seconded. Ramsey asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

SITE REVIEW AND APPROVAL
Chair Ramsey asked Ms. Johnson to present the Conference Center and Hotel on Centennial Campus for site review and approval. Johnson asked for permission to present the plan review of the project at the same time. Chair Ramsey gave permission. The hotel is an Autograph by Marriott branded facility, which gives leeway to make it more NC STATE. It will have approximately 164 rooms on four guestroom levels. The hotel program includes public spaces, hotel support areas on the lowest level, ground level fitness center and an outdoor pool and terrace that are designed as integral parts of the landscape and existing natural character of the site. There is space for expansion.

The project includes a one-story, conference facility with a large dividable ballroom and a series of smaller rooms. Adjacent to the ballroom pre-function area is a large event terrace with views to the Park Alumni Center and Lake Raleigh. The project includes about 237 on-grade terraced parking spaces. The facility will be LEED Silver Certified.

The Campus Design Review Panel (CDRP) had a number of comments. The Panel noted that architecturally too many design ideas have been incorporated and they would like to see a strong design concept further developed. They thought the building design looked more like an academic building than a hotel or residential building. The overall design should be more innovative and be better branded as an NC State building. The entry tower element is not the right proportion and the entry is not inviting. The project will come back to the CDRP in early December.

Chair Ramsey called for a motion for site approval and a second to recommend approval as outlined by Ms. Johnson. Ms. Lanier made the motion, which Mr. Clark seconded. Ramsey asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

PLAN APPROVAL
Chair Ramsey asked Ms. Johnson to present the list of plans and specifications of formal projects
that cost less than $2 million for approval. Johnson presented the four plans and specifications of formal projects.

Chair Ramsey called for a motion and a second to approve as outlined by Ms. Johnson. Mr. Sall made the motion, which Mr. Murphy seconded. Ramsey asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

INFORMATIONAL REPORTS
Chair Ramsey recognized Mr. Harwood to present the update about Centennial Campus projects. Harwood highlighted a number of the projects to include:

- Alliance One exterior has been closed in. ABB will move from Venture I to occupy three floors. Institute for Advanced Analytics will relocate from Venture II and expand into Alliance.
- North Shore Residential is back on track and will be closing in December
- Market conditions for the CBC Flex Building have improved significantly. Ground lease and space lease negotiations have resumed. NC State will occupy 22,500 square feet of space.

Chair Ramsey recognized Mr. Arndt to present the update about Capital Projects. Arndt provided a brief synopsis.

Chair Ramsey recognized Ms. Johnson to provide an update on Projects in Planning. Johnson said the next project to come before the committee will be Sigma Pi Epsilon. Mr. Clark asked the status of Greek Village development. Mr. Leffler said all lots are committed. The challenge is raising money. Sororities are doing a good job in that regard. Fraternities are studying the sororities’ business model to see what they can adopt for their use. Leffler added that while the plan is for Phase II houses to be built before Phases III and IV, some lots could be swapped if those in the later phases get their funding before the earlier ones.

There being no additional business, the meeting adjourned at 3:30 p.m. Following the meeting the trustees were given a tour of the ongoing construction of Talley Student Union renovation project.

Respectfully submitted,

Steven A. Arndt
Secretary to the Committee

cc: Charles Leffler, Vice Chancellor, Finance & Business

P.J. Teal, Assistant Secretary of the Trustees
Approved: ________________________________  ________________________________
Committee Chair  Date
DISPOSITION
OF REAL PROPERTY

EASEMENT

GRANTOR STATE OF NORTH CAROLINA

GRANTEE AT&T

LOCATION NC State University Centennial Campus, Raleigh, NC

SIZE Approximately 10' x 800' (+/- 8,000 sq.ft.)

CONSIDERATION Value to be determined in coordination with the State Property Office

TERM N/A

USE A non-exclusive easement to AT&T in order to facilitate the extension of fiber optic facilities to Food Runners Collaborative located on adjoining NCDA&CS land to the east.
STATE OF NORTH CAROLINA  
Department of Administration  
*DISPOSITION OF REAL PROPERTY

Institution or Agency: North Carolina State University  
Date: October 20, 2014

The Department of Administration is requested, as provided by GS 146-28 to dispose of the real property herein described by (sale), (lease), (rental), or (other specify): Easement

The disposition is recommended for the following reasons: A non-exclusive easement to AT&T is requested in order to facilitate the extension of fiber optic facilities to Food Runners Collaborative located on adjoining NCDA&CS land to the east.

Description of Property: The project originates on NC State’s Centennial Campus at an AT&T hand hole along the westerly side of Centennial Parkway and extends underground across the NCDOT Right-of-Way, and then easterly along the south side of Blair Drive. Easement area: approximately 10’ x 800’ (+8,000 sq. ft.)

(see attached exhibits)

Term: N/A

Estimated value: Value to be determined in coordination with the State Property Office

Where deed is filed, if known: Wake County

If deed is in the name of agency other than applicant, state the name: N/A

Rental income, if applicable, and suggested terms: N/A

Funds from the disposal of this property are recommended for the following use: not determined

Action, recommending this transaction, was taken by the Board of Trustees and is recorded in the minutes thereof on ____________ (Date).

Signature  
Chancellor

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)
AT&T EASEMENT REQUEST
Blair Drive
NC State University
Centennial Campus
Agenda

5.1.B

1001 Blair Dr.
Centennial Parkway

AT&T Hand Hole

Easement shall
not cross ex.

or feature median
as per

Suggested route

as indicated on NC State

Sketch dated 9/26/2014

Critical dimensions of
Easement

per Sketch dated 9/26/2014

No offset from existing
features

Site contact:
Fred Haggard @ 919-865-1823

10/11/2014

NC State University
Office of the University Architect

100 Blair Dr.
PARKING
GRASS

100 Blair Dr.
PARKING
GRASS

Existing Customer
Conduit

276 FT. INSIDE CONDUIT
50 FT. INSIDE BUILDING

1000 FT. TOTL FIBER LENGTH

1475 FT. TOTL LENGTH TO CONDUIT

1001 Blair Dr.

Easement

100 Blair Dr.
PARKING
GRASS

276 FT.

Adjacent

100 Blair Dr.
PARKING
GRASS

276 FT.

Adjacent

Centennial Parkway

Bull Dr.

100 Blair Dr.
PARKING
GRASS

276 FT.

Adjacent

Centennial Parkway

Bull Dr.

100 Blair Dr.
PARKING
GRASS

276 FT.

Adjacent

Centennial Parkway

Bull Dr.

100 Blair Dr.
PARKING
GRASS

276 FT.

Adjacent

Centennial Parkway

Bull Dr.

100 Blair Dr.
PARKING
GRASS

276 FT.

Adjacent

Centennial Parkway

Bull Dr.

100 Blair Dr.
PARKING
GRASS

276 FT.

Adjacent

Centennial Parkway

Bull Dr.

100 Blair Dr.
PARKING
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100 Blair Dr.
PARKING
GRASS

276 FT.
MRC Cleanroom Renovations – CM@Risk
Total Project Scope – $1,750,000 F&A, Receipts, Carry Forward, R&R

09/28/14 Advertised in NC Purchase Directory

10/27/14 Closing date for submittals
(6 proposals received)

10/27/14 Appointment of Selection Committee
By Steven Arndt, Secretary – Buildings and Property Committee

11/10/14- Selection Committee review:
12/08/15 Gayle Lanier, Trustee
Lisa Johnson, University Architect
Cameron Smith, Director, Capital Project Management
David Hammock, Project Manager, Capital Project Management
John Royal, Liaison, College of Engineering
Charlie Marshall, Associate Director of Construction Management
Jack Colby, Assistant Vice Chancellor for Facilities Operations
Others who assisted in review and short listing process
Carolyn Axtman, Associate Director of Design, Capital Project Management
Henry Hardy, Capital Projects Program Manager, Capital Project Management
Richard Dean, Project Manager, CRB

11/10/14 Short list recommendation by Selection Committee:
DPR Construction – Morrisville, NC
McDonald York/Samet – Raleigh, NC
WM Jordan – Wilmington, NC

11/12/14 Short list approved by Randall Ramsey

11/20/14 Pre-interview briefing of Designers

12/08/14 Designers interviewed. Recommendation in priority order:
DPR Construction – Morrisville, NC
WM Jordan – Wilmington, NC
McDonald York/Samet – Raleigh, NC
**Approval of Designer Selections Less than $500,000**

**Note:** The projects below are submitted to the Trustees’ Buildings and Property Committee for formal approval of designer selections for projects less than $500,000 that are not on the OESAD list. This listing represents designers selected since September, 2014.

<table>
<thead>
<tr>
<th>Project</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coliseum Parking Deck Yearly Assessment and Repairs</td>
<td>$26,550</td>
</tr>
<tr>
<td>Firm: Atlas Engineering, Raleigh, NC</td>
<td></td>
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<tr>
<td>Fund Source: Repair &amp; Renovation</td>
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<tr>
<td>College of Textiles Fire Alarm System Replacement (Design only)</td>
<td>$100,000</td>
</tr>
<tr>
<td>Firm: RDK Engineers, Durham, NC</td>
<td></td>
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<tr>
<td>Fund Source: Repair &amp; Renovation</td>
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<tr>
<td>North Carolina 4H History and Learning Center – Millstone</td>
<td>$99,775</td>
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<tr>
<td>Firm: Hobbs Architects, PA</td>
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<tr>
<td>Fund Source: Departmental</td>
<td></td>
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<tr>
<td>Pullen Hall 2nd Floor Fire Alarm Installation</td>
<td>$6,809</td>
</tr>
<tr>
<td>Firm: 320 Architecture &amp; Interiors, Raleigh, NC</td>
<td></td>
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<tr>
<td>Fund Source: Repair &amp; Renovation</td>
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</tr>
<tr>
<td>Research Building III Air Conditioning Renovations</td>
<td>$42,500</td>
</tr>
<tr>
<td>Firm: Clark, Richardson &amp; Biskup Consulting Engineers, Inc., Cary, NC</td>
<td></td>
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<tr>
<td>Fund Source: Repair &amp; Renovation</td>
<td></td>
</tr>
<tr>
<td>Research Building III IEs Move Planning</td>
<td>$42,500</td>
</tr>
<tr>
<td>Firm: Heery International, Raleigh, NC</td>
<td></td>
</tr>
<tr>
<td>Fund Source: Departmental</td>
<td></td>
</tr>
<tr>
<td>Weisiger-Brown Athletic Facility Mechanical Life Cycle Cost Analysis</td>
<td>$8,000</td>
</tr>
<tr>
<td>Firm: Sigma Engineered Solutions, Morrisville, NC</td>
<td></td>
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<tr>
<td>Fund Source: Departmental</td>
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</tr>
<tr>
<td>Carmichael Complex Addition Study</td>
<td>$44,200</td>
</tr>
<tr>
<td>Firm: Hellmuth, Obata &amp; Kassabaum, P.C.</td>
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<tr>
<td>Fund Source: Departmental</td>
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</tr>
<tr>
<td>Project Description</td>
<td>Amount</td>
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<tr>
<td>---------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>CVM Equine Hospital Study</td>
<td>$124,000</td>
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<tr>
<td>Firm: Wagner Architecture, pllc</td>
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<tr>
<td>Fund Source: Trust Fund</td>
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<tr>
<td>Firestone Lab Study</td>
<td>$25,000</td>
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<tr>
<td>Firm: Little Diversified</td>
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<tr>
<td>Fund Source: CVM Trust Fund</td>
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<tr>
<td>Centennial Campus Substation Expansion Commissioning Agent</td>
<td>$60,647</td>
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<tr>
<td>Firm: Utility Technology Engineers Consultants</td>
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<tr>
<td>Fund Source: R&amp;R</td>
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<tr>
<td>Ricks Hall 3rd Floor &amp; Utilities Upgrades</td>
<td>$17,905</td>
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<tr>
<td>Firm: Heery International</td>
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<td>Fund Source: R&amp;R</td>
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## Acceptance of Completed Buildings and Projects

<table>
<thead>
<tr>
<th>Code/Item</th>
<th>Project#</th>
<th>Location</th>
<th>Title</th>
<th>Project Cost</th>
<th>University Acceptance</th>
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<tbody>
<tr>
<td>41324 303</td>
<td>201311045</td>
<td>Sullivan Residence Hall</td>
<td>Stair Enclosures</td>
<td>$613,110</td>
<td>8/15/2014</td>
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<tr>
<td>41224 308</td>
<td>201211017</td>
<td>Golden Leaf Biofuels Pilot Plant</td>
<td>Renovation</td>
<td>$435,244</td>
<td>9/3/2014</td>
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<tr>
<td>41124 350</td>
<td>201212119</td>
<td>Hodges Wood Products Lab</td>
<td>Roof Replacement</td>
<td>$413,856</td>
<td>10/28/2014</td>
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<tr>
<td>41224 310</td>
<td>201211114</td>
<td>Centennial Entrance at Trailwood</td>
<td>Widening of Main Campus Drive at Traiwood Drive and Construction of Gateway</td>
<td>$1,171,204</td>
<td>11/7/2014</td>
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<tr>
<td>41224 / 306</td>
<td>201220013</td>
<td>Centennial Campus Utility Plant</td>
<td>Chiller Addition</td>
<td>$2,050,000</td>
<td>11/12/2014</td>
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<tr>
<td>41224 / 355</td>
<td>201211099</td>
<td>Mann Hall</td>
<td>Renovation of Classroom 307</td>
<td>$139,394</td>
<td>12/15/2014</td>
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<tr>
<td>41224 / 302</td>
<td>201220008</td>
<td>College of Veterinary Medicine</td>
<td>Renovation of Third Floor Lab</td>
<td>$2,750,000</td>
<td>12/23/2014</td>
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<tr>
<td>NA / NA</td>
<td>201211133</td>
<td>Centennial Campus</td>
<td>Pergola Shelter Roof rework</td>
<td>$133,667</td>
<td>1/22/2015</td>
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</tbody>
</table>

**TOTAL** $8,063,156
Agenda Item / Issue: Proposed revision of POL 04.20.02, Alcohol Policy

Requested/Required Action: Approval of the proposed revision by the Full Board of Trustees.

The Office of the Chancellor and Office of General Counsel request the revision of POL 04.20.02, Alcohol Policy. The revisions to this policy constitute a complete rewrite and generation of the policy to include:

- adding a definitions section at the beginning of the policy;
- clarifying the scope and jurisdiction of the policy to reflect that the policy applies to property controlled, managed, or leased by NC State, and not to private residential dwelling units on Centennial Campus or other privately owned or leased facilities;
- clarifying when the possession and consumption of alcoholic beverages are allowed at the university;
- revising the section on the “Sale of Alcoholic Beverages” to reflect recent North Carolina statutory law changes allowing for the sale of alcohol at restaurants, eating establishments, food businesses, or retail businesses on Centennial Campus;
- deleting provisions relating to the service of alcohol and moving these to the accompanying regulation;
- deleting the provisions regarding tailgating and moving these to the accompanying regulation;
- updating the policy to reflect current practice;
- revising the overall format and arrangement of information to make the policy more user friendly

Suggested Motion: WHEREAS, it is necessary to make changes in current policy

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Trustees of North Carolina State University amends North Carolina State University POL 04.20.02, Alcohol Policy as indicated above. Effective date of this revision is February 20, 2015

Responsible University Unit Office of General Council
University Presenter/Contact: Brent McConkey, Assistant General Counsel
1. PURPOSE

The service, possession, and consumption of alcoholic beverages are regulated by North Carolina General Statutes, Raleigh City Code, and NC State University (NC State) Policies. All members of the University community are obligated to obey these laws, policies and ordinances. The University does not have the right to alter State laws or local ordinances or secure exemption from them. The University may be required to participate in the enforcement of the laws and ordinances.

2. DEFINITIONS

When used in this policy, the following definitions shall apply:

“Alcoholic beverage” means any beverage containing at least one-half of one percent (0.5%) alcohol by volume, including malt beverages, unfortified wine, fortified wine, spirituous liquor, and mixed beverages, as such terms are defined in N.C.G.S. § 18-101.

“Athletic Event” means that period of time on a game day beginning 30 minutes prior to commencement of play and continuing until 30 minutes after play ends. Golf played at the Lonnie Poole Golf Course on Centennial Campus shall not be construed as an athletic event unless it is played by student athletes in the context of ACC or NCAA championship play.

“Athletic Facilities” means:
(a) the areas of the PNC Arena that are designated NC State exclusive use areas in accordance with the Use Agreement between the University and the Centennial Authority;

(b) all other inside environs of the PNC Arena, but only on such days as such areas are used by the University for the purpose of playing basketball games;

(c) the exterior grounds and parking facilities of the PNC Arena, but only on such days as those areas are used by the University in connection with basketball and football games;

(d) the inside environs of Carter-Finley Stadium, including Vaughn Towers;

(e) the exterior grounds and parking facilities of Carter-Finley Stadium, except where such areas are being used for non-University events taking place at PNC Arena; and,

(f) all other competition venues, including the exterior grounds and parking facilities thereof, owned or leased by the University.

The term “Chancellor” includes his or her designee.

“Open container” means a container whose seal has been broken or a container other than the manufacturer's unopened original container.

“Outdoors” means anywhere outside the confines of a building, including but not limited to, walkways and patios.

3. SCOPE

This policy applies to property controlled or managed by NC State or leased by NC State for NC State’s use.

This policy shall not apply to:

(a) private residential dwelling units and the common elements associated therewith constructed on Centennial Campus and used for non-University purposes; and,

(b) privately owned or privately leased facilities on University land, such as private buildings, offices and spaces on Centennial Campus.

However, such private parties are subject to North Carolina law and other applicable NC State policies and lease requirements concerning the possession and consumption of alcoholic beverages in their privately owned or leased facilities on campus. Private parties must also obtain appropriate permits from the North Carolina Alcoholic Beverage Control Commission, when applicable.

4. POSSESSION AND CONSUMPTION OF ALCOHOLIC BEVERAGES AT NC STATE:
4.1 Consumption of alcoholic beverages is prohibited:

(a) for all persons under the age of 21;

(b) in areas of classrooms being used for instructional purposes;

(c) while Outdoors on NC State property except on such occasions as the Chancellor shall designate;

(d) within the rights-of-way of municipal streets, alleys and sidewalks, in municipal parks and buildings or other property owned by the City of Raleigh; and,

(e) subject to the exceptions provided in section 4.3, in Athletic Facilities and during Athletic Events.

4.2 University Housing

Consistent with North Carolina law, the possession and consumption of alcoholic beverages by those 21 and older is permitted in one’s own room or the room of another person with the consent of the other person. The consumption of alcoholic beverages is prohibited in the common areas of University Housing facilities, including, but not limited to, hallways, stairwells, elevators, and courtyards.

4.3 Athletic Facilities and Athletic Events

4.3.1 Alcoholic beverages are prohibited in Athletic Facilities and during Athletic Events with the following exceptions:

(a) Vaughn Towers. Possession and consumption of alcoholic beverages is permitted in the Vaughn Towers at Carter-Finley Stadium provided that such possession and consumption is in accordance with this policy and with the terms of any license agreement applicable to the private suites.

(b) Tailgating. The Chancellor may promulgate regulations authorizing the consumption of alcoholic beverages in connection with tailgating at NC State athletic events.

(c) On such occasions as the Chancellor shall designate.

4.3.2 Education

(a) Information concerning alcohol prohibition must be included in programs or on game tickets and other publicity material distributed at Athletic Events.

(b) Signs indicating NC State policy on alcohol use in Athletic Facilities must be posted for public information in appropriate locations.
(c) Methods must be developed to remind people who travel by car to the large-scale Athletic Events of the hazards of drinking alcohol and driving. (Example: Public service announcements on the public address system or radio.)

(d) Admissions personnel working at the various Athletic Facilities must participate in a special alcohol awareness program established by NC State.

4.4 Further Limitations

The Chancellor may promulgate regulations further limiting the service, possession or consumption of alcoholic beverages.

The Chancellor also may require NC State units or employees to obtain the Chancellor’s permission before:

(a) sponsoring an event at which alcoholic beverages will be served, possessed or consumed; or

(b) allowing use of any NC State facilities for an event at which alcoholic beverages will be served, possessed or consumed.

The Chancellor may grant exceptions to this policy on occasion upon his or her discretion.

5. PURCHASE AND SALE OF ALCOHOLIC BEVERAGES

5.1 Sale of Alcoholic Beverages

The sale of alcoholic beverages is prohibited except at:

(a) the hotel and conference center on Centennial Campus;

(b) the Lonnie Poole Golf Course;

(c) the Park Alumni Center;

(d) the University Club;

(e) Stewart Theatre and the upper level of Thompson Hall;

(f) restaurants, eating establishments, food businesses, or retail businesses in the Town Center on Centennial Campus.

All sales must be made in accordance with North Carolina law.

The service of alcoholic beverages at a NC State-sponsored fundraising event at which there is a fee charged to attend the event shall not be construed as a sale provided there is no separate charge for
the alcoholic beverages that are served and a permit is issued by the ABC Commission for the service
of alcohol at the event. A NC State-sponsored wine or malt beverage tasting event or other event
held for fundraising purposes at which unopened bottles may be sold pursuant to a permit issued by
the ABC Commission also shall not be considered a sale under this policy.

5.2 Purchase of Alcoholic Beverages

The purchase of alcoholic beverages with student fees or State-appropriated or Federal funds is
prohibited.

6. COMPLIANCE

6.1 Violations of this policy shall be regarded as University disciplinary violations, which may
(at the discretion of NC State) be adjudicated at the University level in addition to being adjudicated
in the court system.

6.2 In circumstances in which alcohol is indicated to be a factor of a disciplinary violation, students
and employees may be required to participate in an alcohol assessment program.

6.3 An individual violating law or NC State policy while intoxicated remains responsible for his
or her actions. 6.4 An organization failing to comply with this policy will forfeit its opportunity to
receive student fee support.

6.5 At parties or events held on property within the jurisdiction of this policy, violation of this
policy may lead to the termination of the event by either a NC State staff person and/or a University
Police official and initiation of disciplinary action against the event sponsor.

6.6 Intoxicated/disorderly persons will be barred from entering NC State’s facilities or events or
will be evicted from the facilities or events at the discretion of University Police and in accordance
with University Police protocol.

6.7 Persons found in possession of alcoholic beverages within Carter-Finley Stadium, except as
otherwise permitted herein, will forfeit their game or event ticket(s) and be expelled from the game
or event.

7. EVENTS AND ALCOHOL EDUCATION

7.1 Events subject to this policy must be conducted in a way that demonstrates sensitivity to the
issues relevant to alcohol consumption. These issues include, but are not limited to, the propensity
of persons to develop a dependence on alcohol, the effect of alcohol on academic performance, NC
State’s legal liability, vandalism as it relates to alcohol abuse, the rights of persons over the age of
21 to consume alcohol, and social pressure to drink created by certain social situations. NC State
recognizes that it cannot and should not take responsibility for every decision made about alcohol
by members of the NC State community. Rather, what it seeks to do is create a positive environment
in which to make those decisions.
7.2 The use of alcohol at events on the campus of NC State must conform to the applicable laws of North Carolina, City of Raleigh, and NC State policies and regulations.

7.3 Alcohol education and training programs which include, but are not limited to the use, misuse, and non-use of alcoholic beverages, the effects of alcohol on the body, and the cultural, social, economic and legal aspects of alcohol will be made available to the NC State community. All NC State departments and units that conduct events involving the service of alcoholic beverages are strongly encouraged to take advantage of these programs.

7.4 Games or contests which reward the capacity to consume large amounts of alcohol or consume it quickly are prohibited. Alcoholic beverages, including kegs or cases of beer, shall not be provided as awards to individual students or student organizations.

7.5 Except as required by law, regulation or ordinance, no person shall be denied access to any event where alcohol is served on the basis of age. NC State does not encourage the violation of the drinking age law, but wishes to ensure that no person shall be prohibited from attending an event or participating fully in the program benefits offered, within the limits of the law, solely on the basis of his or her age.
Agenda Item / Issue: 5.3.A Plan Review/Textiles Innovation Center – Centennial Campus

Requested / Required Action: Plan Review

Functions: The proposed facility is located on approximately 2.56 acres at the southwest corner of Main Campus Drive and Research Drive. The proposed 104,828 GSF building includes 45,760 GSF of space for the University to lease, and 59,066 GSF of private market rate office for lease. The project includes structured parking sufficient for the new building and the relocation of the existing parking.

Project Scope: $1,500,000 Design/Consultant Costs
$25,000,000 Construction Costs
$1,500,000 Contingency/Other Project Cost
$28,000,000

Design Team: Keystone Corporation – Developer
Hager Smith Design Architecture

Master Plan Summary: The building architecture will blend with the campus neighborhood. The entrance shall be located on Main Campus Drive and shall be human scale and easily identifiable. The project shall address/improve the surrounding sidewalks along Main Campus Drive and Research Drive. A safe pedestrian connection shall be provided from the College of Textiles north exterior stair, through the site, to Research Drive.

Recommendation: Reviewed by CDRP on August 27, 2014 and January 28, 2015
Funding Source: Private Funding

Responsible University unit: Office of Finance and Business, Facilities Division
University Presenter/Contact: Lisa Johnson, University Architect
TEXTILE INNOVATION CENTER
CENTENNIAL CAMPUS

PARTNERS I PARKING DECK OVAL WESTDECK

VENTURE I COLLEGE OF TEXTILES

RESEARCH DRIVE VENTURE I

TEXTILE INNOVATION CENTER

MAIN CAMPUS DRIVE COLLEGE OF TEXTILES

PARKING DECK BMP

TEXTILE INNOVATION CENTER

NC STATE UNIVERSITY CENTENNIAL CAMPUS
Comment - Provide a landscape plan focusing on adjacent context.
Comment - Evaluate the opportunity for a storm water BMP between the new building and the existing College of Textiles building.
Comment - Consider further design options for the pedestrian path through the site that connects the College of Textiles plaza stair to Research Drive. Provide a wider safe path past the building loading/service area.
Comment - Most of the people that work in the building will enter via the west entrance. Enhance the design of this entrance and the pedestrian walk across the vehicular path to the building entrance.
Comment - Revise the window proportions on the west elevation to better relate to the window proportions on the rest of the building.
Comment - Consider design alternatives for the southeast corner of the building that celebrates the industrial nature of the building and the high-bay space within.

Comment - Investigate shifting the roof screen away from the roof parapet to allow some separation between the parapet and the screen.

Comment - Reduce the amount of paving in the exterior seating area on the southeast corner of the building. This area will work better as a landscaped area with some benches.
Comment - Consider design alternatives for the southeast corner of the building that celebrates the industrial nature of the building and the high-bay space within.
Comment - Consider design alternatives for the southeast corner of the building that celebrates the industrial nature of the building and the high-bay space within.
Comment - Consider design alternatives for the southeast corner of the building that celebrates the industrial nature of the building and the high-bay space within.
Comment - Parking Deck: There is very little design continuity between the building elevations and the deck elevations. Provide design alternatives that tie the two facilities together. All four deck elevations should work together for a consistent design. Consider ways to create horizontal lines that minimize the visual impact of the sloped deck levels on the building elevations.
Comment - Parking Deck: There is very little design continuity between the building elevations and the deck elevations. Provide design alternatives that tie the two facilities together. All four deck elevations should work together for a consistent design. Consider ways to create horizontal lines that minimize the visual impact of the sloped deck levels on the building elevations.
Comment - Parking Deck: There is very little design continuity between the building elevations and the deck elevations. Provide design alternatives that tie the two facilities together. All four deck elevations should work together for a consistent design. Consider ways to create horizontal lines that minimize the visual impact of the sloped deck levels on the building elevations.
Comment - More detailed design has taken place on the East Elevation that enhances the building entrance.
BOARD OF TRUSTEES  
NORTH CAROLINA STATE UNIVERSITY  

Committee: Buildings and Property  
Meeting Date: February 19, 2015

**Agenda Item / Issue:** 5.3.B.1 Plan Approval/Conference Center & Hotel Centennial Campus

**Requested / Required Action:** Plan Approval

**Functions:**  
The hotel is an Autograph by Marriott branded facility of approximately 164 rooms on four guestroom levels. The hotel program includes public spaces, hotel support areas, ground level fitness center and an out-door pool and terrace that is designed as an integral part of the landscape and existing natural character of the site. The project includes a one-story, conference facility with a large dividable ballroom that can be and a series of smaller rooms. Adjacent to the ballroom pre-function area is a large event terrace with views to the Park Alumni Center and Lake Raleigh. The project includes about 237 on-grade terraced parking spaces. The facility will be LEED Silver Certified.

**Project Scope:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design/Consultant Costs</td>
<td>$2,800,000</td>
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<tr>
<td>Construction</td>
<td>$22,400,000</td>
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<tr>
<td>Contingency/Other Project Costs</td>
<td>$2,800,000</td>
</tr>
<tr>
<td><strong>Total Project Budget</strong></td>
<td><strong>$28,000,000</strong></td>
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</tbody>
</table>

**Design Team:**  
Cooper Cary Architects – Lead Designer  
Nobel Investments/Concord Eastridge – Developer Team

**Master Plan Summary:**  
The Conference Center is a key amenity in the development of the Centennial Campus. It will complete the hospitality neighborhood, and provide a pedestrian connection across the Lake Raleigh dam to the future town center. The project will enhance the shared open space between the Park Alumni Center and Conference Center.

**Recommendation:**  
Reviewed by CDRP on 10/29/14

**Suggested Motion:**  
Move approval of plans for the Conference Center & Hotel

**Funding Source:**  
Private Investment: $28,000,000

**Responsible University unit**  
Office of Finance and Business, Facilities Division

**University Presenter/Contact:**  
Lisa Johnson, University Architect
the stateview hotel at nc state university autograph
raleigh, nc/january 23
the stateview hotel at nc state university autograph
raleigh, nc/january 23
section @ hotel entry

the stateview hotel at nc state university autograph
raleigh, nc/january 23
section @ ballroom-conference entry

the stateview hotel at nc state university autograph
raleigh, nc/january 23
the stateview hotel at nc state university autograph
raleigh, nc/january 23
42 guestrooms per floor

tower - level two

the stateview hotel at nc state university autograph

raleigh, nc/january 23
the stateview hotel at nc state university autograph
raleigh, nc/january 23
view from event terrace

the stateview hotel at nc state university autograph
raleigh, nc/january 23
jewel box - floor plan
pool terrace - feature wall
pool enclosures
the stateview hotel at nc state university autograph
raleigh, nc/january 23
Approval of Plans and Specifications of Formal Projects
Less than $2,000,000

Note: The projects below are submitted to the Trustees’ Buildings and Property Committee for formal acceptance of plans and specifications. This listing represents projects received since November 20, 2014 meeting.

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<thead>
<tr>
<th>Project</th>
<th>Construction Estimate</th>
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<td>Talley Student Union</td>
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<td>Talley Retail Space</td>
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<td>Designer: McGahey Design PA Garner, NC</td>
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<tr>
<td>Fund Source: Receipts</td>
<td></td>
</tr>
<tr>
<td>CVM Main Building</td>
<td>$109,830</td>
</tr>
<tr>
<td>Library Renovation</td>
<td></td>
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<tr>
<td>Designer: Little Diversified Architectural Consulting Durham, NC</td>
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<tr>
<td>Fund Source: Departmental</td>
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</tr>
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</table>
## Capital Projects at a Glance

### Bid 2015

<table>
<thead>
<tr>
<th>Code/Item</th>
<th>Project Name</th>
<th>Bid</th>
<th>Expected Acceptance</th>
<th>Total Project Budget</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>41324 353</td>
<td>Park Alumni Center HVAC</td>
<td>Design</td>
<td>1/8/15</td>
<td>10/28/15</td>
<td>$976K CD Review Underway</td>
</tr>
<tr>
<td>41324 302</td>
<td>Re-Use Water Line Extension</td>
<td>Design</td>
<td>2/5/15</td>
<td>9/10/15</td>
<td>$1.2M CD Approval Underway</td>
</tr>
<tr>
<td>41324 310</td>
<td>CVM Anatomy Lab Renovation</td>
<td>Design</td>
<td>2/12/15</td>
<td>7/31/15</td>
<td>$1.75M CD Approval Underway</td>
</tr>
<tr>
<td>41424 302</td>
<td>Research III HVAC</td>
<td>Design</td>
<td>2/16/15</td>
<td>9/4/15</td>
<td>$500K SD/DD Production Underway</td>
</tr>
<tr>
<td>40824 313</td>
<td>Gregg Museum</td>
<td>Design</td>
<td>2/17/15</td>
<td>7/29/16</td>
<td>$9.6M Pre-Bid Activities Underway</td>
</tr>
<tr>
<td>41224 319</td>
<td>Farmers Market Park &amp; Ride Lot</td>
<td>Design</td>
<td>2/17/15</td>
<td>7/10/15</td>
<td>$998K CD Review Underway</td>
</tr>
<tr>
<td>41224 311</td>
<td>Reynolds Coliseum Renovation</td>
<td>Design</td>
<td>2/27/15</td>
<td>8/15/16</td>
<td>$35M CD Production Underway</td>
</tr>
<tr>
<td>41424 304</td>
<td>Millstone 4-H History &amp; Learning Center</td>
<td>Design</td>
<td>3/2/15</td>
<td>8/17/15</td>
<td>$1.5M CD Production Underway</td>
</tr>
<tr>
<td>41424 305</td>
<td>Lee Hall Stairwell Upgrade</td>
<td>Design</td>
<td>3/6/15</td>
<td>7/31/15</td>
<td>$500K CD Production Underway</td>
</tr>
<tr>
<td>40824 304</td>
<td>Research II HVAC</td>
<td>Design</td>
<td>3/10/15</td>
<td>11/12/15</td>
<td>$2M CD Review Underway</td>
</tr>
<tr>
<td>41324 309</td>
<td>Greek Infrastructure Phase II</td>
<td>Design</td>
<td>4/1/15</td>
<td>12/19/16</td>
<td>$6M CD Review Underway</td>
</tr>
<tr>
<td>41324 301</td>
<td>Carmichael Gym Locker Rooms</td>
<td>Design</td>
<td>4/16/15</td>
<td>1/28/16</td>
<td>$7.6M CD Production Underway</td>
</tr>
<tr>
<td>41224 352</td>
<td>Centennial Campus Substation Expansion</td>
<td>Design</td>
<td>5/27/15</td>
<td>3/9/16</td>
<td>$3.56M SD/DD Production Underway</td>
</tr>
<tr>
<td>41424 305</td>
<td>Cox Hall Scale Up Classrooms</td>
<td>Design</td>
<td>8/28/15</td>
<td>3/5/16</td>
<td>1.875M SD/DD Production Underway</td>
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<tr>
<td>41324 353</td>
<td>Winston Hall HVAC</td>
<td>Design</td>
<td>12/15/15</td>
<td>8/12/16</td>
<td>$1.0M SD/DD Production Underway</td>
</tr>
<tr>
<td>41424 306</td>
<td>Harrelson Hall Demolition</td>
<td>Design</td>
<td>2/1/16</td>
<td>10/14/16</td>
<td>$3.5M Designer Advertisement Underway</td>
</tr>
<tr>
<td>41424 307</td>
<td>Patterson Business Center Renovation</td>
<td>Design</td>
<td>2/9/16</td>
<td>10/5/16</td>
<td>$2M Designer Advertisement Underway</td>
</tr>
<tr>
<td>41324 353</td>
<td>MRC Cleanroom Renovations</td>
<td>Design</td>
<td>2/25/16</td>
<td>10/27/16</td>
<td>$1.75M SD Production Underway</td>
</tr>
<tr>
<td>40824 304</td>
<td>Partners I - HVAC</td>
<td>Construction</td>
<td>2/10/15</td>
<td>$5.0M</td>
<td>60% Construction Complete</td>
</tr>
<tr>
<td>40824 313</td>
<td>Talley Student Center Addition and Renovation</td>
<td>Construction</td>
<td>4/6/15</td>
<td>$122M</td>
<td>87% Construction Complete</td>
</tr>
<tr>
<td>41324 350</td>
<td>McKimmon Center Roof Replacement</td>
<td>Award</td>
<td>4/22/15</td>
<td></td>
<td>$1.06M Bid Date 11/12/14</td>
</tr>
<tr>
<td>41024 314</td>
<td>Facilities Operations Support - CBC</td>
<td>Construction</td>
<td>6/15/15</td>
<td>$2.1M</td>
<td>30% Construction Complete</td>
</tr>
<tr>
<td>41124 353</td>
<td>DH Hill Fire Alarm Upgrades</td>
<td>Construction</td>
<td>7/10/15</td>
<td>$922K</td>
<td>5% Construction Complete</td>
</tr>
<tr>
<td>41324 356</td>
<td>Ricks Hall</td>
<td>Award</td>
<td>8/11/15</td>
<td></td>
<td>$3.64M Bid Date 11/13/14</td>
</tr>
<tr>
<td>41224 315</td>
<td>HB 1292 Utility Savings</td>
<td>Construction</td>
<td>9/30/15</td>
<td>$1.1M</td>
<td>96% Construction Complete</td>
</tr>
<tr>
<td>41224 302</td>
<td>CVM 3rd Floor Lab Module C Renov.</td>
<td>Complete</td>
<td>12/23/14</td>
<td></td>
<td>$2.75M Accepted 12/22/14</td>
</tr>
</tbody>
</table>

### Bid 2016

<table>
<thead>
<tr>
<th>Code/Item</th>
<th>Project Name</th>
<th>Bid</th>
<th>Expected Acceptance</th>
<th>Total Project Budget</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>41324 307</td>
<td>3501 Avent Ferry Road Renovation</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>Partial SD/DD; Project On Hold</td>
</tr>
<tr>
<td>41024 306</td>
<td>Broughton Hall</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>SD approved; Project On Hold</td>
</tr>
<tr>
<td>40924 307</td>
<td>Engineering Building Oval</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>Designer Selected; On Hold</td>
</tr>
<tr>
<td>40924 307</td>
<td>Greek Village Townhomes</td>
<td>On Hold</td>
<td></td>
<td></td>
<td>AP SCO on 1/7/11; Project On Hold</td>
</tr>
</tbody>
</table>

### In Construction

- **Code/Item**: Project identifier
- **Project Name**: Name of the project
- **Bid**: Year of bidding
- **Expected Acceptance**: Expected year of acceptance
- **Total Project Budget**: Total budget for the project
- **Remarks**: Additional project details
<table>
<thead>
<tr>
<th>#</th>
<th>PROJECT NAME</th>
<th>SCOPE</th>
<th>FIRM NAME</th>
<th>DATE SUBMITTED</th>
<th>REVIEW</th>
<th>APPROVAL</th>
<th>REVIEW</th>
<th>APPROVAL</th>
<th>REVIEW</th>
<th>RECOMMENDATION</th>
<th>REVIEW</th>
<th>APPROVAL</th>
<th>CONSTRUCTION</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>126</td>
<td>Broughton Hall Addition &amp; Renovation</td>
<td>$60,000,000</td>
<td>O'Brien Atkins</td>
<td>11/19/08</td>
<td>9/20/12</td>
<td>9/20/12</td>
<td>9/20/12</td>
<td>5/26/12</td>
<td>5/30/2012</td>
<td>9/20/12</td>
<td>On Hold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>136</td>
<td>Brickyard West ADA Path</td>
<td>$100,000</td>
<td>Surface 678</td>
<td>12/1/14</td>
<td>11/20/14</td>
<td>2/18/1999</td>
<td>11/20/14</td>
<td>NA</td>
<td>April, 2015</td>
<td>June, 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Upcoming Projects**

- Sigma Pi Epsilon | $3,200,000 | Hager Smith | 2012 |

**Approved Projects**


- Center for Marine Sciences & Technology (CMAST) Guest House | $1,500,000 | Maune Balanga Faulkberry Architects | 3/31/05 | N/A | N/A | 4/26/06 | 4/27/06 |

- Centennial Biomedical Campus Flex Building | $10,000,000 | Capitol Associates | 4/19/07 | 5/9/07 | 5/9/07 | 8/23/07 | 5/30/07 | 7/25/07 | 8/23/07 | 9/20/07 |

- Alliance Center | $27,500,000 | Craig Davis Properties | 3/19/04 | 2/26/09 | 3/12/09 | 9/16/10 | 11/20/08 | 11/16/11 | 11/16/11 | 11/16/11 | 11/16/11 | 11/16/11 | 11/16/11 | On Hold |

- Shaub Dairy Retail Facility | $2,400,000 | Cherry Huffman Architects | 8/27/08 | 5/27/09 | On Hold |

- Yates Mill Multipurpose Building | $250,000 | J.G. Craig, Architects | 11/18/99 | 11/18/99 | 2/21/10 | On Hold |


- Dan Allen Gateway | $171,000 | OBS Landscape Architects and Planners | 12/16/10 | N/A | N/A | 3/30/11 | 2/23/11 | 3/30/11 | On Hold |

- Isenhour Tennis Center Weight room Addition | $500,000 | WHH Architects | 3/12/11 | 3/30/11 | 3/30/11 | On Hold |


- Centenniel Entrance at Trailwood | $900,000 | OBS Landscape Architects | 3/15/13 | NA | NA | NA | 9/26/13 | 9/26/13 | 9/26/13 | NA | April, 2014 | October, 2014 |

- Delta Gamma House | $3,500,000 | Cline Design Associates | NA | NA | NA | 2/26/14 | 2/26/14 | 2/26/14 | Fall, 2015 | Fall, 2016 |
### STATUS OF PROJECTS IN PLANNING

Trustees' Buildings and Property Committee and Campus Design Review Panel

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>SCOPE</th>
<th>FIRM NAME</th>
<th>DATE BUDGET</th>
<th>REVIEW</th>
<th>APPROVAL</th>
<th>REVIEW</th>
<th>APPROVAL</th>
<th>REVIEW</th>
<th>RECOMMENDATION</th>
<th>REVIEW</th>
<th>APPROVAL</th>
<th>CONSTRUCTION</th>
<th>COMPLETION</th>
</tr>
</thead>
</table>
BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
Chancellor’s Conference Room- Holladay Hall
University Advancement and External Affairs Committee
February 19, 2015

Gayle Lanier, Acting Chair
Members: Mattocks, Murphy, Prestage, Ramsey

AGENDA

CALL TO ORDER – Acting Chair Lanier reads State Government Ethics Act

1. CONSENT AGENDA            Tab 6.1
   A. Approval of November 20, 2014 Minutes*

2. INFORMATIONAL REPORTS AND DISCUSSION            Tab 6.2
   A. University Advancement and Campaign Update
      Brian Sischo, Vice Chancellor for University Advancement
   B. University Communications Update
      Brad Bohlander, Associate Vice Chancellor, University Communications

3. CLOSED SESSION            Tab 6.3
   A. Approval of November 20, 2014 Minutes*
   B. Request approval for Naming Specific University Facilities and Programs√

RECONVENE OPEN SESSION

ADJOURN

* Committee Approval            √ Full Board Approval
The University Advancement and External Affairs Committee of the Board of Trustees of North Carolina State University met in Open Session at 1:00 p.m. in the Chancellor’s Conference Room in Holladay Hall. Bob Mattocks was absent.

Members Present:   James W. Owens, Chair  
                  Gayle Lanier  
                  Wendell Murphy  
                  Ron Prestage  
                  Randy Ramsey  
                  Benjamin P. Jenkins III, Board of Trustees, Chair  
                  W. Randolph Woodson, Chancellor  

Others Present:  Brad Bohlander, Associate Vice Chancellor, University Communications  
                Steve Clark, Assistant Vice Chancellor, Development  
                David Hinks, Interim Dean, College of Textiles  
                Mike Mullen, Dean and Vice Chancellor, Academic Affairs  
                Laurie Reinhardt-Plotnik, Associate Vice Chancellor, University Development  
                Hilda Renfrow, Executive Assistant, University Advancement  
                Brian Sischo, Vice Chancellor, University Advancement  
                Benny Suggs, Associate Vice Chancellor, Alumni Relations  
                PJ Teal, University Secretary  
                Shawn Troxler, Office of General Counsel  

Chair Jim Owens called the session to order, roll call, and read the State of North Carolina’s Government Ethics Act.

Brian Sischo provided an overarching University Advancement and campaign update. He noted that NC State was ranked in the 2014 Chronicle of Philanthropy 400 group using 2013 fiscal-year fundraising numbers. NC State ranked 172 overall in the country although within the top 50 for higher education and top 25 for public universities. Fundraising results for gifts and new commitments for period ending in October are $64.8 million. The public phase of the campaign will launch in two years with a projected goal of having at least $900 million in gifts and commitments at that time. Mr. Sischo mentioned a couple of the projects; the Engineering oval project led by Ed Fitts among others to help raise funds from individuals to ask for matching
support from the State. Also, fundraising for the Gregg Museum project is down to its last $180,000. Vice Chancellor Sischo commented that the University has showcased the Power of Philanthropy with some of the larger gift announcement showing the impact and importance of the gifts.

Vice Chancellor Sischo invited Kushal Dasgupta to review the revisions to the counting guidelines previously established. Mr. Dasgupta commented that the counting guidelines were being updated to industry best practices while providing more detail on how gifts will be counted during the campaign. Sources used in making the revisions are from CASE Reporting Standards and Management Guidelines, 4th edition and the PPP (Partnership in Philanthropic Planning). Associate Vice Chancellor Dasgupta talked about the campaign timeline and the “Reachback Period from July 1, 2010 through June 30, 2013. The committee reached consensus that the revised guidelines were acceptable.

Benny Suggs provided an update from the Alumni Association reporting on increased memberships, marketing and communications activities along with outreach and engagement opportunities. He provided research data that shows the fundraising value of an Alumni Association. Across the country, 8% of alumni give back to their alma mater although the percentage increases to over 25% for alumni who are members of their Alumni Association. At NC State, 43% of Alumni Association members give to the University. In addition, he reported that the Alumni Association membership increased 25% and a 15% increase in revenue over the past four years – tops in the UNC system and ACC.

Admiral Suggs also provided an organizational model based on elements of their strategic plan and reported that the Alumni Association provided over $650,000 in financial assistance to 150 students including 75 Caldwell Fellows.

Ron Prestage made a motion to go into closed session to discuss the Honorary Award nominations and naming opportunities for specific university facilities according to North Carolina General Statue, Section 143-318.11. Wendell Murphy seconded the motion and it was approved by general consent.

The meeting returned to opened session. With no further business, the meeting adjourned.

Respectfully submitted,

James W. Owens
Chair
Informational Reports

University Advancement and Campaign Update

University Communications Update
CALL TO ORDER  
Barbara Mulkey, Acting Committee Chair

ROLL CALL

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT

1. AGENDA  
A. Approval of November 20, 2014 University Affairs Committee Minutes 7.1A

2. DISCUSSION ITEMS  
A. Graduation Report 7.2A
   Presenter: Louis Hunt, Sr. Vice Provost for Enrollment Management and Services
   This presentation will provide an update on graduation trends, including the number and types of degrees awarded, as well as graduation rates for undergraduate students.

3. REQUESTED ACTION  

   ✓ A. Request for Authorization to Establish New Degree Programs 7.3A
   a. B.A. in Biological Sciences (Appendix C) 7.3A.a.

   B. Request for Authorization to Continue Centers and Institutes 7.3B
   Presenter: Mladen Vouk, Interim Vice Chancellor for Research, Innovation & Econ. Dev.
   a. Center for Comparative Medicine and Translational Research (CCMTR) 7.3B.a.
   b. Institute for Emerging Issues (IEI) 7.3B.b.
   c. Kenan Institute for Engineering, Technology and Science (KIETS) 7.3B.c.
   d. North Carolina Sea Grant College Program (NCSG) 7.3B.d.
   e. Water Resources Research Institute (WRRI) 7.3B.e.
4. INFORMATIONAL REPORTS

   A. May, 2015 Commencement Speaker
      Presenter: W. Randolph Woodson, Chancellor

   B. Student Body President Report
      Presenter: Rusty Mau, Student Body President

   C. Annual Report on Management Flexibility
      Presenter: Barbara Carroll, Associate Vice Chancellor for Human Resources
      Annual summary to the Board of Governors on personnel actions covered by the
      management flexibility agreement under the authority of BOG policy 600.3.4.

   D. Provost Update
      Presenter: Warwick A. Arden, Provost and Executive Vice Chancellor
      a. Update on Leadership Position Searches and Leadership Reviews
      b. Reappointment, Promotion and Tenure Process Update
      c. Chancellor’s Faculty Excellence Program Update

5. CLOSED SESSION

   A. Personnel Matters
   ✓ B. Honorary Awards

6. RECONVENE OPEN SESSION

7. ADJOURN

✓ Requires Full Board Approval
The University Affairs Committee of the Board of Trustees of North Carolina State University met November 20, 2014 at 2:45 p.m. in the Winslow Hall Conference Room.

Members Present:  
Susan Ward, Committee Chair  
Tom Cabaniss  
Rusty Mau  
Barbara Mulkey  
Jim Owens  
Ron Prestage  
Ben Jenkins, Board Chair

Others Present:  
Randy Woodson  
Sarah Lannom  
Warwick Arden  
Duane Larick  
Barbara Carroll  
Terri Lomax  
Robert Davis  
Louis Martin-Vega  
Eileen Goldgeier  
Mike Mullen  
Wyona Goodwin  
Margery Overton  
Maureen Grasso  
Marielle Pocan  
Cecile Hinson  
Jay Price  
Jermaine Holmes  
PJ Teal  
Marc Hoit  
Shawn Troxler  
Jon Horowitz  
Mary Watzin  
Kevin Howell  
Deborah Yow  
Amy Jinnette  
David Zonderman

Chair Ward called the meeting to order. A quorum was present.

She 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 University Affairs Committee at this meeting. Hearing none, Chair Ward proceeded with the Committee agenda.

Chair Ward asked if there were corrections to the September 18, 2014 open and closed session committee minutes. Hearing none, she declared the minutes stand approved as drafted.

Provost Arden provided a brief overview of the new three-year implementation phase of NC State’s Strategic Plan, which covers Fiscal Years 2015 to 2017. He stated that work began on the new implementation plan earlier this summer and that ideas for the plan were generated from university leaders, Strategic Resource Management recommendations and carry-over actions from the previous plan. The plan was released to campus in October. He thanked Dr. Margery Overton, Vice Provost for Academic Strategy, for her work in developing the new implementation plan.

Mr. Jermaine Holmes, Director of the Academic Support Plan for Student Athletes (ASPSA), presented information from the annual report to the Board of Governors on Intercollegiate Athletics. His report highlighted the student-athlete exceptions to the minimum course requirements set by the Board of Governors; the student-athlete profiles for admitted student athletes including SAT/ACT scores and high school grade point averages; information about the majors chosen by student-
athletes; and academic progression information for student-athletes. He also noted several academic highlights and discussed improvement strategies utilized by the university, many of which have been voluntarily implemented, to monitor the academic status of student-athletes. Athletics Director Debbie Yow discussed the value of improvement strategies such as the Athletics Roundtable, in which the Provost, Registrar, Vice Chancellor for Academic and Student Affairs, herself and others meet regularly and engage in open and direct dialogue about topics affecting student-athletes, and the class attendance policy, which the university has had in place for several years. Provost Arden reinforced the value of these discussions and strategies from the academic side. Chancellor Woodson also discussed the university’s ASPSA practices and credited former Chancellor Larry Monteith and former Faculty Athletics Representative Dr. Art Cooper, for establishing a structure for faculty involvement and oversight. Chair Ward commented that she is pleased to know the university has such practices and processes in place. Trustee Cabaniss expressed his agreement with Chair Ward’s comments.

Chancellor Woodson gave the committee an overview of the process undertaken and recommendations presented by the Tuition Review Advisory and Fee Review Committees for the biennial 2015-2016 and 2016-2017 as mandated by UNC GA. Chancellor Woodson stated his support for all recommendations which include the following: a 3% tuition increase for undergraduate residents, graduate residents and graduate nonresidents and a 6% tuition increase for undergraduate nonresidents for the 2015-2016 and 2016-2017 academic years. Chancellor Woodson further stated that about 82% of the tuition increase will be used to improve quality and accessibility of the NC State educational experience. Approximately 8% will provide funding for faculty promotional increases and just over 10% will provide funding to the Graduate Student Support Plan. The Chancellor also stated his support for the recommended premium tuition increases for the Master of Accounting and the Master of Science in Analytics programs. This year’s fee review process included the change mandated by UNC GA from a one-year to a two-year review and the 5% cap on Student Activity Fees. The Chancellor supported the Fee Review Committee’s recommendation to increase fees subject to the 5% cap by $61.46 (3.91%) for all students in the 2015-2016 academic year and by $57.08 (3.50%) for the 2016-2017 year.

Furthermore, Chancellor Woodson discussed expansion of two currently existing program-specific fees which are not applicable to all students. The Professional Golf Management fee pays for golf play and practice privileges at several area golf courses in accordance with the standards for accreditation of the program by the Professional Golfers’ Association (PGA) of America. Without this increase, our students may have limited access to golf courses and practice facilities which will adversely affect their ability to graduate. The fee is being increased by $50.00 in both 2015-16 and 2016-17 resulting in a proposed fee of $650 per year in 2015-16 and $700 per year in 2016-17.

The Chancellor also discussed expanding and enhancing the current $90 per year Engineering Computer Fee to a College of Engineering Program Enhancement Fee beginning in fall 2015. The fee is designed to significantly expand the educational opportunities for our engineering students to help them remain among the best prepared and most competitive engineering graduates in the country. The fee would be charged for all students majoring in engineering-related programs. The increase would be realized over three years with the first year set at $500 per year for fall 2015, then $1,000 per year in 2016, and the full $1,500 in fall 2017. The final $500 increase for fall 2017 will be requested in the following biennium.

The committee discussed the recommendations on tuition and fees and voted to recommend approval of the Chancellor’s recommendations to the full board. Ms. Mulkey made the motion, seconded by Mr. Mau to approve the 2015-2016 and 2016-2017 Campus Initiated Tuition Increases and uses of additional tuition revenues as outlined in Chancellor Woodson’s recommendation and under Tab 7.3A. The motion carried. Dr. Owens made a motion, seconded by Mr. Mau, to approve the student fee increases for the 2015-2016 and 2016-2017 years as outlined in Chancellor Woodson’s recommendation and under Tab 7.3A. The motion carried.
Senior Vice Provost Duane Larick reviewed the Requests for Authorization to Plan four new degrees programs. First, he explained the Ph.D. in Geospatial Analytics is a unique degree focused on preparing outstanding geospatial scientists skilled in developing novel understanding of spatial phenomena and relationships and applying this new knowledge to societies’ grand challenges. This proposed degree program is the logical extension of the Chancellor’s Faculty Excellence Program cluster in Geospatial Analytics. Demand for the Ph.D. degree is evidenced by the very high levels of student enrollment and graduation in our existing professional science master’s degree and graduate certificate programs. Second, the Statistics Department is proposing to establish an online version of the existing Master of Statistics program to meet the increased demand for the graduate programs at the Masters level in the Department of Statistics. The demand has been driven in large part by the need for better-trained data scientists in the workplace. Next, the Joint Department of Biomedical Engineering at UNC-Chapel Hill and NC State is proposing a new joint B.S. degree in Biomedical and Health Sciences Engineering. In this joint degree program students will learn to apply engineering principles to solve medical and biological problems in the fields of medical imaging, informatics, prosthetics, medical devices, tissue engineering and genomics. The proposed joint degree program will seek to be accredited by the Accreditation Board for Engineering and Technology in 2016 or shortly thereafter. Finally, the B.A. in Biological Sciences is designed to provide an alternative path to degree to NC State students. The B.A. would serve as a companion degree to the B.S. in Biological Sciences, which has a current enrollment of over 1500 students. The proposed B.A. will require approximately the same number of credit hours in biology but will require less coursework in chemistry, physics, and calculus than does the B.S. in Biological Sciences – these students can select courses within the proposed B.A. that will better match their interests and career-related needs. The B.A. degree program is proposed to begin in Fall 2015 and would be housed in the College of Sciences. Dr. Prestage made a motion to recommend to the full board approval of the Requests for Authorization to Plan the four new degree programs. Mr. Cabaniss seconded the motion. The motion carried.

Provost Arden stated that at the request of the North Carolina New Schools, agenda item 7.3C, the Application to open a Cooperative Innovative High School: with NC State University as a Partner Institution, was being removed from the agenda for consideration at a later time.

Vice Chancellor and General Counsel Eileen Goldgeier introduced the proposed new policy on Political Activities. This policy supplements and is adopted in accordance with UNC Policy Manual 300.5.1, Political Activities of Employees, which was revised in April 2014 and required each campus Board of Trustees to adopt a policy. The policy covers permissible and impermissible activities of university employees engaged in political activities and/or seeking political candidacy. Once adopted by the Board, the policy will be effective upon approval of the UNC President. Mr. Cabaniss moved to recommend the proposed new policy to the full board for approval. Ms. Mulkey seconded the motion. The motion carried.

Provost Arden reviewed the proposed revisions to Policy 05.20.02, Emeritus/Emerita Status for Faculty and Senior Administrators, which clarify the responsibilities and privileges for senior administrators given this honorific title. Dr. Owens made a motion, seconded by Mr. Cabaniss, to recommend to the full board for approval revisions to Policy 05.20.02 Emeritus/Emerita Status for Faculty and Senior Administrators. The motion carried.

Vice Chancellor Terri Lomax discussed the Request for Authorization to Establish the Center for Educational Informatics (CEI) and the Request for Authorization to Continue the Small Business and Technology Development Center (SBTDC). The mission of the CEI is to lead national efforts to design, develop and deploy next-generation adaptive learning systems for K-12 education, post-secondary education, and training. The Center’s activities are interdisciplinary and cross several different colleges. The success and continued significance of the Center to NC State’s mission was recognized most recently with additional new faculty recruited via the Digital Transformation of Education Cluster of the Chancellor’s Faculty Excellence Program. The SBTDC recently completed an external three-year review, which was conducted by a team of individuals representing Small
Business Development Centers across the Nation funded by the SBA. The review committee's report strongly supports the mission and direction of the SBTDC and shows that the Center and its leadership are meeting NC State and Center goals. Ms. Mulkey made a motion, seconded by Dr. Owens, to approve the Request for Authorization to Establish the Center for Educational Informatics and the Request to Continue the Small Business and Technology Development Center. The motion carried.

Chancellor Woodson shared with the committee that Vivian Howard, NC State alumna, chef and co-owner of the Chef & The Farmer restaurant in downtown Kinston, NC will give the December commencement address. Vivian is star of the PBS show, “A Chef's Life” which won a Peabody award earlier this year.

The committee received an update on Faculty Senate activities from Faculty Chair David Zonderman. The Faculty Senate has selected four issues as its top priorities for discussion this year: Allocation of Academic Funds, Growing Doctoral Programs (Graduate Student Support Plan), Student (Undergraduate) Retention and Success, and the Revision of Post-Tenure Review Policies. Discussions and efforts on all these issues have begun and Chair Zonderman has encouraged all faculty to become engaged in the conversations.

Mr. Robert Davis, Chair of the Staff Senate, reported that the Staff Senate has been busy this year sponsoring and participating in service opportunities in Wake County and across the state. They also continue to promote education through events such as webinars, campus Town Hall initiatives and hosting speakers in the Staff Senate chambers. They continue to make a difference by embodying the “Think and Do” model.

In the Provost’s update, the committee was notified of a new undergraduate certificate in Renewable Energy Assessment offered by the College of Natural Resources. Provost Arden shared that the General Hugh Shelton Leadership Center Distinguished Professorship has been awarded to Professor Bradley Kirkman, Head of the Management, Innovation, and Entrepreneurship Department and a prolific scholar in the field of leadership. Provost Arden also discussed faculty retentions at NC State during Fiscal Year 2013-14. During this time, NC State addressed 76 retention efforts. This number includes counter offers and pre-emptive retentions. Fifty-three (53) of these 76 retention efforts were successful for a 70% success rate and 23 were unsuccessful for a 30% unsuccessful rate.

A motion was made by Ms. Ward to go into closed session to prevent the premature disclosure of an honorary degree or award; to establish the amount of compensation and other material terms of an employment contract or proposed employment contract; and to consider the qualifications, competence, performance, character, fitness, conditions of appointment or conditions of initial employment of an employee or prospective employee. Dr. Owens seconded the motion. The motion carried.

After coming out of closed session, Ms. Ward announced the meeting in open session.

Dr. Owens made a motion to approve the personnel actions discussed in Closed Session including a non-salary compensation request and conferral of tenure to two new faculty members. Mr. Cabaniss seconded the motion. A question was raised relative to an item discussed in Closed Session and therefore a subsequent motion was made by Mr. Cabaniss and seconded by Dr. Owens to go back into Closed Session. The motion carried.

After coming out of closed session, Ms. Ward announced the meeting in open session.

Mr. Prestage made a motion, seconded by Dr. Owens, to approve the personnel actions discussed in Closed Session including a non-salary compensation request and conferral of tenure to two new faculty members. The motion carried.
With no further business, Chair Ward announced the meeting adjourned at 4:50 p.m.

_______________________________________
Susan P. Ward, Chair
Fall 2014 Graduation Report

Louis Hunt, Sr. Vice Provost and University Registrar
Enrollment Management and Services
# Degrees Awarded by Academic Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Associate</th>
<th>Bachelor</th>
<th>Master</th>
<th>Doctorate</th>
<th>DVM</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 - 2005</td>
<td>193</td>
<td>4566</td>
<td>1332</td>
<td>343</td>
<td>73</td>
<td>6507</td>
</tr>
<tr>
<td>2005 - 2006</td>
<td>124</td>
<td>4478</td>
<td>1485</td>
<td>369</td>
<td>75</td>
<td>6531</td>
</tr>
<tr>
<td>2006 - 2007</td>
<td>130</td>
<td>4558</td>
<td>1457</td>
<td>411</td>
<td>75</td>
<td>6631</td>
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<tr>
<td>2007 - 2008</td>
<td>132</td>
<td>4571</td>
<td>1507</td>
<td>328</td>
<td>74</td>
<td>6612</td>
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<tr>
<td>2008 - 2009</td>
<td>182</td>
<td>4611</td>
<td>1665</td>
<td>457</td>
<td>73</td>
<td>6988</td>
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<tr>
<td>2009 - 2010</td>
<td>167</td>
<td>4797</td>
<td>1795</td>
<td>422</td>
<td>77</td>
<td>7258</td>
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<tr>
<td>2010 - 2011</td>
<td>126</td>
<td>5175</td>
<td>2080</td>
<td>395</td>
<td>77</td>
<td>7853</td>
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<tr>
<td>2011 - 2012</td>
<td>155</td>
<td>5423</td>
<td>2341</td>
<td>446</td>
<td>79</td>
<td>8444</td>
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<tr>
<td>2012 - 2013</td>
<td>126</td>
<td>5468</td>
<td>2335</td>
<td>488</td>
<td>72</td>
<td>8489</td>
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<tr>
<td>2013-2014</td>
<td>143</td>
<td>5535</td>
<td>2455</td>
<td>494</td>
<td>81</td>
<td>8708</td>
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<td><strong>Total</strong></td>
<td><strong>1478</strong></td>
<td><strong>49182</strong></td>
<td><strong>18452</strong></td>
<td><strong>4153</strong></td>
<td><strong>756</strong></td>
<td><strong>74021</strong></td>
</tr>
</tbody>
</table>

Source: University Planning and Analysis, January 14, 2015
http://upa.ncsu.edu/ir/degr
Degrees Awarded by Academic Year, 2004 to 2014

Bachelor

Master

Doctorate
Bachelor's Degrees Awarded by Academic Year, 2005 to 2014

20% Growth in all bachelor's degrees awarded in past ten years.

Source: University Planning and Analysis, January 14, 2015
http://upa.ncsu.edu/ir/degr
Master's Degrees Awarded by Academic Year, 2005 to 2014

84% Growth in all master's degrees awarded in past ten years.

Source: University Planning and Analysis, January 14, 2015
http://upa.ncsu.edu/ir/degr
Doctoral Degrees Awarded by Academic Year, 2005 to 2014

44% Growth in all doctoral degrees awarded in past ten years.

75% Growth in Ten Years

Source: University Planning and Analysis, January 14, 2015
http://upa.ncsu.edu/ir/degr
## Freshman Graduation Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Size</th>
<th>Four Years</th>
<th>Five Years</th>
<th>Six Years</th>
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<tbody>
<tr>
<td>1995</td>
<td>3,528</td>
<td>26%</td>
<td>55%</td>
<td>62%</td>
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<td>1996</td>
<td>3,512</td>
<td>28%</td>
<td>58%</td>
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<td>1997</td>
<td>3,615</td>
<td>27%</td>
<td>56%</td>
<td>63%</td>
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<td>1998</td>
<td>3,616</td>
<td>30%</td>
<td>61%</td>
<td>67%</td>
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<tr>
<td>1999</td>
<td>3,524</td>
<td>36%</td>
<td>65%</td>
<td>71%</td>
</tr>
<tr>
<td>2000</td>
<td>3,728</td>
<td>37%</td>
<td>65%</td>
<td>70%</td>
</tr>
<tr>
<td>2001</td>
<td>3,802</td>
<td>37%</td>
<td>65%</td>
<td>70%</td>
</tr>
<tr>
<td>2002</td>
<td>3,608</td>
<td>39%</td>
<td>66%</td>
<td>72%</td>
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<tr>
<td>2003</td>
<td>3,837</td>
<td>42%</td>
<td>69%</td>
<td>74%</td>
</tr>
<tr>
<td>2004</td>
<td>3,847</td>
<td>41%</td>
<td>66%</td>
<td>72%</td>
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<tr>
<td>2005</td>
<td>4,243</td>
<td>40%</td>
<td>67%</td>
<td>73%</td>
</tr>
<tr>
<td>2006</td>
<td>4,535</td>
<td>40%</td>
<td>67%</td>
<td>72%</td>
</tr>
<tr>
<td>2007</td>
<td>4,791</td>
<td>42%</td>
<td>69%</td>
<td>75%</td>
</tr>
<tr>
<td>2008</td>
<td>4,669</td>
<td>44%</td>
<td>71%</td>
<td>76%</td>
</tr>
<tr>
<td>2009</td>
<td>4,637</td>
<td>44%</td>
<td>71%</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>4,558</td>
<td>48%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Six-Year Freshman Graduation Rates, by Gender

http://www2.acks.ncsu.edu/UPA/internaldata/retention/attr_cens2011_gender.htm
Six-Year Freshman Graduation Rates of Underrepresented Students

(Afr.Am, Nat. Am., Hisp.)

http://www2.acs.ncsu.edu/UPA/internaldata-retention/atr_cens2011_ethnic.htm
## Freshman Graduation Rates, by College of Entry

<table>
<thead>
<tr>
<th>College</th>
<th>Percent Graduating After:</th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>CALS</td>
<td>54.9</td>
<td>71.4</td>
<td>73.1</td>
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<tr>
<td>DESIGN</td>
<td>63.0</td>
<td>87.6</td>
<td>86.1</td>
<td></td>
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<tr>
<td>EDUC</td>
<td>68.2</td>
<td>77.3</td>
<td>77.1</td>
<td></td>
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<tr>
<td>ENGR</td>
<td>34.0</td>
<td>68.3</td>
<td>76.4</td>
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<tr>
<td>NAT RES</td>
<td>44.3</td>
<td>71.6</td>
<td>71.5</td>
<td></td>
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<tr>
<td>CHASS</td>
<td>58.0</td>
<td>72.8</td>
<td>72.7</td>
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<td>PAMS</td>
<td>53.2</td>
<td>70.8</td>
<td>74.7</td>
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<tr>
<td>TEX</td>
<td>53.6</td>
<td>80.1</td>
<td>77.4</td>
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<tr>
<td>MGMT</td>
<td>65.9</td>
<td>80.6</td>
<td>81.6</td>
<td></td>
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<tr>
<td>DUAP</td>
<td>43.0</td>
<td>66.4</td>
<td>75.6</td>
<td></td>
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<tr>
<td>Total Grad Rate</td>
<td>48.0</td>
<td>71.3</td>
<td>75.8</td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Registration and Records 2008-2010, January 20, 2015
Freshman Graduation Rates

Source: University Planning and Analysis 1999-2007, Department of Registration and Records 2006-2009
http://www2.ics.ncsu.edu/UPA/internaldata/retention/atr_cens2011_total.htm
Freshman Retention Rates

Source: University Planning and Analysis (1995-2012), Department of Registration and Records 2013
http://upa.ncsu.edu/ir/rate/freshman-retention-rates
2008 Six Year Graduation Rate: UNC System Schools

Source: North Carolina GA, Retention, Graduation, and Persistence Rates of First-Time Full-Time Freshmen
http://www.northcarolina.edu/ira/ir/analytics/retgrper.htm
Six-Year Graduation Rate for NC State's Peer Group
(Average Graduation Rate from 2004 to 2007)

NC STATE UNIVERSITY

Questions and Comments
Bachelor of Arts in Biological Sciences – Executive Summary

The B.A. in Biological Sciences will serve as a companion program to the B.S. in Biological Sciences that is already offered at NC State University and will take advantage of resources currently available at NC State. Together with the new Life Sciences First Year Program (started in Fall 2014), the proposed B.A. in Biological Sciences is part of a comprehensive initiative designed to enhance student success and improve time-to-degree in the biological/life sciences. The proposed program is designed not to recruit new students, but to provide an alternative path to degree for students already attending NC State – a path to graduation that better serves their interests and career goals.

The educational objectives of the proposed B.A. in Biological Sciences are:
- to provide students with a broad, introductory base of biological knowledge at the molecular, cellular, organismal, and ecological levels.
- to provide students with the opportunity to select the area(s) of biology they explore in more depth.
- to provide students with the opportunity to choose and explore a second, complementary discipline in depth.
- to expose students to a wide range of academic disciplines and provide them the opportunity to integrate this knowledge with concepts, theories, and information learned in their major curriculum.
- to encourage students to gain relevant experience outside of the classroom through an experiential learning opportunity.

The B.A. in Biological Sciences will prepare students for a variety of careers and graduate or professional study in areas that require a strong foundation in the biological sciences. Students will explore biology in depth, but will also be required to choose a focal area in a complementary discipline. Accordingly, the B.A. in Biological Sciences will provide an enhanced opportunity for students to take an interdisciplinary or multidisciplinary approach to their undergraduate studies, consistent with NC State’s mission and its niche within the UNC system.

The proposed program also fits well within the strategic goals of the newly formed College of Sciences, formed in part to build on NC State’s strengths in convergent science. The College of Sciences currently offers B.A. degrees in geology, chemistry, and physics – degrees that were designed to enable science students to double major in areas such as education without extending time to degree. Rather than establishing individual B.A. degrees in the array of biological/life science programs at NC State (including Biochemistry, Genetics, Microbiology, Nutrition Science, Plant Biology, and Zoology), we propose this single degree program to serve as an umbrella B.A. in those disciplines. As such, the B.A. in Biological Sciences has been developed with extensive input from faculty representing various undergraduate programs in life sciences.

The B.A. in Biological Sciences will serve a number of student populations at NC State, including:
- students who desire a rigorous foundation in the biological sciences in combination with a second major in areas such as education, psychology, statistics, management, engineering, political science, or communication. Students in the B.A. in Biological Sciences will study
biology in depth and will study a second discipline (outside of the life sciences) in depth, exposing them to different ways of thinking, problem-solving, and communicating. Depending on their second area of emphasis, students will be well positioned to pursue careers in areas such as education, health management, environmental law, and science communication, as well as graduate study in interdisciplinary areas such as bioinformatics and biopsychology.

- students interested in health careers that do not require as much of a background in the supporting sciences (i.e., chemistry, physics, mathematics) as typically required by medical, dental, and veterinary schools. Students completing the B.A. in Biological Sciences will be well-positioned for additional study leading to careers as physical therapists, physician assistants, occupational therapists, nurses, etc.
- transfer students from other institutions. This flexible new degree can help address a growing concern regarding the difficulty faced by some transfer students in completing a science degree in a timely manner after they transfer to NC State.
- students interested in studying abroad for a year. Many study abroad opportunities are difficult for science students to incorporate in a four-year plan because of the difficulty of taking equivalent science courses during their time abroad. Students in the B.A. in Biological Sciences could more easily plan to take courses toward their secondary discipline while studying abroad.

The B.A. in Biological Sciences is expected to serve primarily students already at NC State, including some who would otherwise enroll in the B.S. in Biological Sciences and some who would otherwise minor in Biological Sciences. Surveys of current NC State students indicate substantial interest in the proposed B.A. in Biological Sciences, and this is reinforced by conversations with students during advising sessions through which we have identified numerous students for whom this degree program would be an excellent option. For these students, the requirements of the B.A. in Biological Sciences, including depth of studies in biology combined with depth of studies in a second, complementary discipline (chosen by the student in consultation with their advisor), will better prepare them for advanced study and employment in a variety of allied health fields and other areas.

The proposed B.A. in Biological Sciences maintains the rigor of extensive studies in biology, while allowing flexibility for students to add extensive studies in a second, complementary discipline. This flexibility in curriculum requirements will allow students to select upper division courses that best serve their interests and career goals. It will also make it more feasible for students to complete a double major in biology and in a complementary field, while earning their degrees in a timely manner.
APPENDIX C
UNIVERSITY OF NORTH CAROLINA REQUEST FOR AUTHORIZATION TO ESTABLISH A NEW DEGREE PROGRAM

INSTRUCTIONS: Each proposal should include a 2-3 page executive summary. The signature of the Chancellor is required. Please submit one hard copy and an electronic copy of the proposal to the Office of the Senior Vice President of Academic Affairs at UNC General Administration.

Date: 27 October 2014

Constituent Institution: North Carolina State University
CIP Discipline Specialty Title: Biology, General

CIP Discipline Specialty Number: 260101 Level: B X M Res. Doc. ___ Prof. Doc. ___

Exact Title of the Proposed Program: Bachelor of Arts in Biological Sciences

Exact Degree Abbreviation (e.g., B.S., B.A., M.A., M.S., Ed.D., Ph.D.): B.A.

Does the proposed program constitute a substantive change as defined by SACS? Yes X No

The current SACS Substantive Change Policy Statement may be viewed at: http://www.sacsoc.org/pdf/081705/Substantive%20Change%20Policy.pdf

If yes, please briefly explain.

Proposed date to enroll first students in degree program: Month August Year 2015

Are there plans to offer 50% or more of program credit hours to students off-campus or online? Yes X No

If yes, complete the form to be used to request establishment of a distance education program and submit it along with this request.

Note: If a degree program has not been approved by the Board of Governors, its approval for alternative, online, or distance delivery must wait until BOG program approval is received. (400.1.1[R], page 3)

Provide a summary of the status of this proposal in your campus review processes.

a. List the campus bodies that reviewed and commented on this Appendix C proposal before submission to UNC General Administration. What were there determinations? Include any votes, if applicable.

b. Summarize any issues, concerns or opposition raised throughout the campus process and comment periods. Describe revisions made to address areas of concern.

The concept of this degree program was first formally proposed by The Life Sciences Task Force in May of 2012, which included faculty leaders from nine different baccalaureate degree programs. This group "strongly endorses the development and implementation of a common first year program for life science students." Among the highlights of the Life Sciences First Year Program, as listed in the task force report, was "a B.A. in Life Sciences option for students who prefer more emphasis on liberal arts." The report included a draft curriculum for a B.A. program, which has since been modified based on discussion with multiple groups on campus. The Life Sciences First Year Program
brought in its first class of freshmen in Fall 2014; the intent was to have a B.A. option available to these students by their second year.

To work on development of the current proposal, a task force consisting of faculty from three departments and two colleges (College of Agriculture and Life Sciences and College of Sciences) was convened. All members of this group are leaders in the undergraduate degree programs within their departments (spanning six baccalaureate degree programs), and many of them are closely involved with the new Life Sciences First Year Program as well. This group felt it was important to create an alternative path to degree for the many students interested in the life/biological sciences (the terms are used interchangeably in this document) at NC State – one that has greater flexibility than the companion B.S. in Biological Sciences and other life sciences programs already available – and modified the original draft curriculum provided by the Life Sciences Task Force.

The concept of a B.A. degree to serve as a companion to the B.S. in Biological Sciences was presented at the February (2014) Dean’s Council by Dr. Jo-Ann Cohen. No concerns were raised and the deans were in full (unanimous) support of proceeding with development of the new degree program.

When the proposed program was described to the Academic Policies Committee of the Faculty Senate, members of that committee were fully supportive (no vote) – those in attendance included representatives of four colleges (CALS, CHASS, Engineering, and Sciences).

To date, the proposed degree program has also been vetted and approved by unanimous consent by faculty on the Department of Biological Sciences Undergraduate Programs Committee, The College of Sciences Undergraduate Academic Advisory Committee, and the University Courses and Curricula Committee. The Associate Deans were asked to disseminate the proposal for consultation within their colleges. In addition, Associate Vice Provost Carrie Zelna, Director of the Office of Assessment, was consulted regarding assessment of student learning outcomes in the proposed program.

Major issues discussed throughout the process of developing the proposed degree program included (1) creating a sufficient level of rigor while maintaining enough flexibility to facilitate interdisciplinary studies that best serve each student, (2) incorporating a requirement for hands-on experience outside of the classroom, (3) the fit with university and system strategic goals, (4) the importance of strong advising to help students make the most of their choice of a secondary discipline, and (5) the challenge of assessing student learning outcomes in a program that will serve students with diverse interests and diverse upper division course selections.

To maintain a high level of rigor, the B.A. in Biological Sciences requires a substantial amount of biology coursework (similar to the B.S. in Biological Sciences), specifies a minimum number of credit hours in biology that must be completed at the 300-level or higher (upper division coursework), requires that advisors must approve the student’s plan for a second disciplinary area outside of the life sciences, specifies a minimum number of credit hours in the secondary discipline that must be completed at the 300-level or higher, and requires one more semester each of physics and chemistry than similar degree programs at UNC-CH and Duke University.

In response to discussions, an experiential learning requirement was included in the proposed program. There is also an opportunity for students to use an additional experiential learning opportunity toward graduation requirements. Experiential learning requires students to work outside of the classroom in a setting that allows them to (1) gain hands-on experience that can help them determine their preferred career path and (2) acquire experience that will better prepare them for their future career. This can be a formal internship, a research experience in a laboratory setting, or practical experience in any of a number of other professional settings (e.g., hospital, classroom, law
office). A contract must be approved in advance that describes the nature of the experience as well as the expectations and requirements.

To facilitate interdisciplinary studies, the B.A. in Biological Sciences requires students to identify a second disciplinary focus in addition to biology. To encourage depth of study in this second discipline, a minimum number of the required credit hours must be taken at the 300-level and higher. Encouraging (and providing a path for) interdisciplinary studies at the undergraduate level is consistent with the NC State mission and niche within the UNC system. It also fits well within the strategic goals of the new College of Sciences at NC State.

To allow flexibility, students can select courses within biology that are appropriate to their interests and career goals. They can also select a second discipline that best serves their interests and goals. For example, students interested in a career in elementary education might select biology courses that span a variety of sub-disciplines within biology and choose education as their secondary discipline. In contrast, students interested in a career in physical therapy (PT) would select biology courses appropriate to PT programs (with an emphasis on anatomy and physiology) and might choose to focus either on psychology as a second discipline to meet other PT pre-requisites or on Spanish to strengthen their application to PT programs, their future employability, and their ability to serve an underserved population. Students interested in pursuing graduate programs in biomathematics or biostatistics would have the ability to select a combination of biology and quantitative courses that would best fit their interests and program prerequisites. The design of the B.A. in Biological Sciences enables students to pursue interdisciplinary studies within a four year career at NC State.

The B.A. in Biological Sciences will take advantage of the strong advising programs available at NC State -- within the new Life Sciences First Year Program, centrally in Academic Advising Services, and within the department.

To enable appropriate assessment of student learning outcomes, an additional (new) course requirement (Senior Capstone Project) was included in the final semester of the proposed B.A. in Biological Sciences. This course will require all students in the B.A. in Biological Sciences to complete a project during their senior year in which they must integrate across their two disciplines of study to address an important problem. The project will be reviewed using a rubric written specifically to assess student learning outcomes for the program and will be used as a basis for assessment of student learning outcomes. The Senior Capstone Project will also enhance the rigor of the program by providing a venue through which we challenge students to integrate across their curriculum, utilizing knowledge and skills developed through their undergraduate studies.

Another concern raised was the possible community perception of students with a degree in Biological Sciences from NC State and whether or not students with a B.A. in Biological Sciences would not meet the expected standards of employers or graduate programs who are thinking it is a B.S. in Biological Sciences. This is not a concern we have heard from any science programs that currently offer both B.A. and B.S. degrees, including those within our own college or those across the state that have offered both options in biology for years. Typically, if a graduate program or an employer has specific expectations with regard to a student's preparation in chemistry or physics or calculus or some specific area within biology, that program or employer will make an effort to verify that the student has met those expectations. For example, physical therapy programs expect two semesters of physics — they don’t determine that by the name of the degree, but by verifying that two semesters of physics were completed (and by asking about the grades in those courses). An employer who cares about a student’s background in chemistry would want to know what relevant courses were taken and what grades were earned in those classes, as well as what other experiences (e.g., in a research lab) might be relevant. Medical schools admit students with degrees in the biological sciences or social sciences or mathematics or physical sciences or even the humanities — but they
verify that course pre-requisites have been met and have been passed with high grades, regardless of the name of the degree.

There were also discussions about the **choice of the degree name** – suggestions included Biological Sciences, Biology, and Life Sciences (in other contexts, these terms are typically used interchangeably). At the peer institutions that offer both B.S. and B.A. degrees, the same name is used for both. At institutions in North Carolina that offer both B.S. and B.A. degrees, the same name is used for both. Within our college, those programs that offer both B.S. and B.A. degrees use the same name.

During the consultation process, colleagues within the College of Humanities and Social Sciences expressed concern about a **possible increase in demand for courses in CHASS**, and in particular for courses offered by the Department of Psychology. This is a valid concern and enrollments should be monitored over time. However, it is likely that the students most likely to switch from a B.S. in the life/biological sciences to the new B.A. in Biological Sciences with an interest in psychology are either (1) already double majoring in psychology and therefore already taking the necessary courses, or (2) already trying to enroll in these courses to meet GEP or Elective requirements (because they are the courses in which they are most interested). For example, current B.S. in Biological Sciences students with a concentration in Human Biology (our largest major by far) can take a number of psychology courses as part of their Electives. If current B.S. in Biological Sciences students were having difficulty getting into psychology courses, we would be hearing more complaints. In addition, a look at course rosters for a few selected courses in psychology indicates that either the course was not full or (more commonly) quite a few Biological Sciences (or related) majors were able to enroll – this did not include students double-majoring in Psychology, who presumably have easier access to psychology courses. For example, in the current academic year, we found about 140 such students in PSY 200, 45 in PSY 230, and 40 in PSY 430. We selected courses that we thought would be most of interest to B.A. in Biological Sciences students interested in psychology, but it is difficult to predict with certainty if any one course will be in greater demand, and for this reason it remains important that we continue to monitor how well we are meeting student demand for individual courses across departments.

Another concern raised was whether the **B.A. in Biological Sciences would draw students away from the Science, Technology, and Society (STS) major**. At present, only 4 of 55 STS majors have a minor in the life/biological sciences and none have a double major in this area. This suggests that a small fraction might consider the B.A. in Biological Sciences as an option. In addition, the STS major is quite distinct from the proposed B.A. in Biological Sciences, especially in its emphasis on “the many ways science and technology shape culture, values, and institutions, and how such contexts shape science and technology.” This emphasis can be seen in the requirement of two STS courses and an additional set of (at least) four courses that make up the STS Specialty. While it might be possible for a student with an interest in the intersection of science and society to use the B.A. in Biological Sciences toward this end, such a student would be better served by pursuing one of the STS degree programs – and we would advise them to do so. Indeed, through our first-year advising program in the Life Sciences First Year and through discussions with students about options within the B.A. in Biological Sciences, it is possible that we will identify additional students who would be best served by majoring in STS. We would certainly offer it as an alternative to the proposed B.A. in Biological Sciences as we work with students to help them find the best fit in a degree program.
I. Description of the Program  
A. Describe the proposed degree program (i.e., its nature, scope, and intended audience).  
B. List the educational objectives of the program.  
C. Describe the relationship of the program to other programs currently offered at the proposing institution, including the common use of:  
1. Courses  
2. Faculty  
3. Facilities, and  
4. Other resources

The proposed B.A. in Biological Sciences will serve as a companion program to the B.S. in Biological Sciences already offered at NC State.  

**The B.A. in Biological Sciences will serve students who:**  
- desire a strong educational foundation in the biological sciences in combination with studies in a second degree program, perhaps in the humanities, social sciences, applied sciences, arts, mathematical sciences, physical sciences, management, engineering, or education  
- are interested in health careers that do not require as broad or as deep a background in the supporting sciences (i.e., chemistry, physics, and calculus) as typically required by medical, dental, and veterinary schools

For students in the first category, studies in the life/biological sciences and in a second discipline would position them well for additional education or careers in a variety of areas, such as health management, science education, biomathematics, physical anthropology, health policy, bioinformatics, science communication, environmental policy, biopsychology, and environmental law. Students in the second category would be well-positioned for additional studies leading to careers as physical therapists, physician assistants, occupational therapists, nurses, nurse practitioners, etc.

For all of these students, the B.A. in Biological Sciences will provide an alternate path to graduation in a scientific discipline. Compared to the B.S. in Biological Sciences and similar programs at NC State, requirements in the B.A. in Biological Sciences will include no less biology coursework, slightly less required coursework in chemistry, physics, and calculus, and an increase in the required coursework in a complementary discipline chosen by the student in consultation with their advisor (e.g., education, English, political science, Spanish, mathematics, communication, statistics, management). The proposed B.A. in Biological Sciences also includes an experiential learning requirement and a senior capstone project.

**The B.A. in Biological Sciences may also serve**  
(1) transfer students from other institutions looking for greater flexibility in degree requirements to facilitate their graduation from NC State in a timely manner and (2) students who would like to study abroad for one year. Serving transfer students in this way would address a growing concern regarding the difficulty faced by transfer students in trying to complete a science degree in a timely manner after they transfer to NC State. And many study abroad opportunities are difficult for science students to incorporate into a four-year plan because of the difficulty of taking equivalent science courses at those institutions. Many students in the B.A. in Biological Sciences could more easily plan to take courses toward their secondary discipline while studying abroad.

**The educational objectives of the proposed B.A. in Biological Sciences are:**  
- to provide students with a broad, introductory base of biological knowledge at the molecular, cellular, organismal, and ecological levels.  
- to provide students with the opportunity to select the area(s) of biology they explore in more depth  
- to provide students with the opportunity to choose and explore a second, complementary discipline in depth.
to expose students to a wide range of academic disciplines and provide them the opportunity to integrate this knowledge with concepts, theories, and information learned in their major curriculum.

- to encourage students to gain relevant experience outside of the classroom through an experiential learning opportunity.

The proposed B.A. in Biological Sciences will serve as an important alternative path to existing NC State B.S. degrees in the life/biological sciences, including the B.S. in Biological Sciences, while taking advantage of the faculty, advisors, and other resources available at NC State in this area. *The program is designed not to recruit new students, but to provide an important alternative path-to-degree for our existing students.* We do not anticipate a need for additional resources to create this program. Students interested in this degree program are students who are likely already taking many of these same biology courses. Indeed, there may be a slight decrease in demand on the more advanced chemistry, physics, and calculus courses. With regard to courses in students’ chosen secondary disciplines, since students will be choosing from such a wide array of options it is unlikely any single course or department will notice an increase in enrollment that would require additional resources.

II. Justification for the Program – Narrative Statement

A. Describe the proposed program as it relates to:

1. Institutional mission
2. Strategic plan
3. Student demand. Provide any update to the documented evidence of student demand presented in Appendix A.
4. Societal demand and employability of graduates. Provide any update to the documented evidence of societal demand and employment opportunities presented in Appendix A.

B. Provide any update to the discussion of similar degree programs and opportunities for collaboration presented in Appendix A. Discuss here the feasibility of a joint or collaborative degree program with one or more UNC institutions.

C. Enrollment (baccalaureate programs should include only upper division majors, that is, juniors and seniors).

Please indicate the anticipated first year and fourth year steady-state enrollment (head count) for the proposed program.

"By uniting our strength in science and technology with a commitment to excellence in a comprehensive range of disciplines, *NC State promotes an integrated approach to problem solving*..." — NC State Mission Statement

The proposed B.A. in Biological Sciences fits well with the emphasis on inter- and multidisciplinary approaches to problem solving found in the NC State mission statement. The proposed program will provide an alternative path to degree completion in the life sciences that will make it possible for students to complete a degree in biology with an additional, complementary focal area without extending their time to degree completion. This degree program will facilitate the efforts of students in biology to better prepare themselves for addressing societal challenges that require interdisciplinary and/or multidisciplinary approaches.

*One goal of the NC State strategic plan is to enhance interdisciplinary scholarship* to address the grand challenges of society. Through its flexible degree requirements and through the requirement that students explore in depth both biology and a second discipline, the B.A. in Biological Sciences will provide an enhanced opportunity for students to take an interdisciplinary approach to their undergraduate studies.
A second goal of the NC State strategic plan focuses on enhancing student success. The proposed B.A. in Biological Sciences is one part of a comprehensive program to enhance student success and improve time-to-degree in the life/biological sciences. As part of the realignment of the new College of Sciences and the existing College of Agriculture and Life Sciences, NC State has created a cross-college program to serve incoming freshmen in the life sciences in both colleges. The Life Sciences First Year Program includes a proactive (aka, intrusive) advising program focused on first year students, a common core curriculum, a peer mentoring program, a new critical and creative thinking first-semester course, and programs to introduce students to the wide variety of life science disciplines represented at NC State. Students apply to join a degree program based on coursework they complete in their first year of college. At present, many students who desire a career in the health care sector see the B.S. in Biological Sciences as their only logical choice of a major; through appropriate advising and an intentional exploration of different areas within the life sciences, the Life Sciences First Year Program is designed to help students find their best academic fit and best career fit as quickly as possible in their college career. The proposed B.A. in Biological Sciences will provide an important alternative path for these students, one that will be a more appropriate fit for a substantial number of them. The B.A. in Biological Sciences will therefore provide a nice complement to the existing and very popular B.S. in Biological Sciences program, as well as other B.S. degree programs in the life sciences at NC State (Biochemistry, Genetics, Microbiology, Nutrition Science, Plant Biology, and Zoology). Some students who transfer to NC State from other institutions may also find the proposed B.A. in Biological Sciences to be an appropriate alternative path, enabling them to shorten their time to degree.

The proposed B.A. in Biological Sciences will serve as an alternative path to existing NC State B.S. degrees in the life sciences, including the B.S. in Biological Sciences, while taking advantage of the faculty, advisors, and other resources available at NC State in this area. For many students, it will complement other existing degree programs, such as mathematics, education, physics, anthropology, psychology, engineering, foreign languages, and many more, by offering a more flexible life science degree program that facilitates in-depth studies across two disciplines. The B.A. in Biological Sciences is designed not to recruit new students, but to provide an important alternative path to degree to our existing students.

We have only one update to the information provided in Appendix A with regard to demand for the proposed program. First-year education majors (n = 49) were asked about their interest in the proposed B.A. in Biological Sciences as a second major using a clicker survey in class. Thirty-two percent indicated that they would be interested in such a program and might consider it for a second major. Combining these numbers with those from the survey of LSFY students included in Appendix A, we have almost 60 current first-year students who responded to surveys to indicate that they would consider the B.A. in Biological Sciences either as a primary major or as a second major.

Anticipated enrollment (JR and SR standing):

<table>
<thead>
<tr>
<th>Year</th>
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</tr>
<tr>
<td>Year 4</td>
<td>145</td>
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</table>
III. Program Requirements and Curriculum

A. Program Planning
   1. List the names of institutions with similar offerings regarded as high quality programs by the developers of the proposed program.
   2. List institutions visited or consulted in developing this proposal. Also discuss or append any consultants' reports or committee findings generated in planning the proposed program.

B. Admission. List the following:
   1. Admissions requirements for proposed program (indicate minimum requirements and general requirements).
   2. Documents to be submitted for admission (listing or attach sample).

Many outstanding institutions offer both B.A. and B.S. degree options in the biological/life sciences, including Duke University, Michigan State University, UNC Chapel Hill, University of Arizona, and Wake Forest University. In Appendix A we listed the 21 North Carolina institutions that offer both degree options and discussed the fact that 5 of our peer institutions also offer something similar to the B.A. that we are proposing.

The exact requirements of comparable programs at these institutions vary slightly, although all have reduced requirements in chemistry, physics, and/or mathematics compared to their companion B.S. degrees. None require that students focus their studies on a second discipline, complementary to biology, although the University of Arizona explicitly encourages students in the B.A. to complete a minor. The option of a B.A. as a companion degree to the B.S. in Biological Sciences (or Biology, as many programs call it) is very common both in North Carolina, among our peer institutions, and across the country, serving as an alternative path to degree for students – an option to the B.S. degree.

Qualified students interested in any of the life/biological sciences at NC State are now admitted into the Life Sciences First Year Program (LSFY), and then they matriculate into a degree program at the end of their first year. The B.A. in Biological Sciences will not admit new freshmen separately, but will be part of the LSFY. Accordingly, the standards and procedures for admission will be the same as it is for all other students who apply to the life/biological sciences at NC State. There are no plans to establish different standards. At present, completed applications include a self-reported academic record, an unofficial transcript from their high school, and official SAT or ACT scores; a personal statement is recommended.

C. Degree requirements. List the following:
   1. Total hours required. State requirements for Major, Minor, General Education, etc.
   2. Other requirements (e.g. residence, comprehensive exams, thesis, dissertation, clinical or field experience, "second major," etc.).

For graduate programs only, please also list the following: NA

Total credit hours required are 121. This includes:
- 29 hours in required foundational courses (introductory biology, chemistry, mathematics, physics, and statistics)
- 6 hours in advanced writing/communication
- 24 hours of General Education not already met by other requirements
- 25 additional hours in biology
- 21 hours in a second discipline (in addition to any related courses taken for General Education)
- 4 hours in experiential learning and a capstone project
- 12 hours as free electives

See the following two pages for a more detailed listing of the proposed degree requirements.
### Proposed Semester-by-Semester Display (Format A)

**PROPOSED EFFECTIVE SEMESTER:** Fall 2015  
**DEGREE TITLE:** B.A. in Biological Sciences  
**CONCENTRATION TITLE:** N/A

#### FRESHMAN YEAR

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<th>Fall Semester</th>
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<th>Spring Semester</th>
<th>Credits</th>
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<tr>
<td>BIO 181 Intro Bio: Ecol, Evol, Biodiv</td>
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<td>BIO 183 Intro Bio: Cell &amp; Molecular</td>
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<td>CH 101 Chemistry-A Molecular Sci.</td>
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<td>CH 102 General Chemistry Lab</td>
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<td>⁴ENG 101</td>
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<td>LSC 101 Critical &amp; Creative Life Sci</td>
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<td>GEP Elective*</td>
<td>3</td>
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<tr>
<td>¹Calculus</td>
<td>3</td>
<td>GEP PE/Healthy Living Requirement*</td>
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</tr>
<tr>
<td>³LSC 103 Exploring Life Sci Disciplines</td>
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#### SOPHOMORE YEAR

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<td>⁵Statistics</td>
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<td>¹Life Science Elective</td>
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<tr>
<td>⁶Advanced Communication Requirement</td>
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<td>3</td>
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<tr>
<td>⁷Life Science</td>
<td>3</td>
<td>⁸Cross Discipline Elective (Advised)</td>
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<td>⁸Cross Discipline Elective (Advised)</td>
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<td>⁸Cross Discipline Elective (Advised)</td>
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<tr>
<td>GEP Elective*</td>
<td>3</td>
<td>⁹Free Elective</td>
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#### JUNIOR YEAR

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<tbody>
<tr>
<td>¹⁰PY 131 Conceptual Physics</td>
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<td>⁷Life Science Elective</td>
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<td>¹¹Experiential Learning Requirement</td>
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<tr>
<td>⁸Cross Discipline Elective (Advised)</td>
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<tr>
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<td>⁶Advanced Communication Requirement</td>
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<td>⁹Free Elective</td>
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#### SENIOR YEAR

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<td>⁸Cross Discipline Elective (Advanced)</td>
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<td>⁹Free Elective</td>
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<tr>
<td>GEP Elective*</td>
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<td>GEP Elective*</td>
<td>3</td>
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<td></td>
<td>BIO 481 Senior Capstone Project</td>
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Minimum Credit Hours Required for Graduation: 121
Footnotes
A grade of C- or better is required in the following courses:
LSC 101 Critical and Creative Thinking in the Life Sciences
LSC 103 Exploring Life Science Disciplines
BIO 181 Introductory Biology: Ecology, Evolution, and Biodiversity
BIO 183 Introductory Biology: Cell and Molecular Biology
CH 101 Chemistry – A Molecular Science
CH 102 General Chemistry Lab
ENG 101 Academic Writing & Research
3Calculus

IMPORTANT NOTES:
• Students should check with their adviser before electing to take any course with S/U grading if it is normally graded A-F. Up to 12 hours of Free Electives can be taken S/U.
• Students are responsible for determining the pre-requisites for any course they are interested in taking.
• Students interested in graduate school or professional school should check the courses required for admission to the programs to which they plan to apply.
• The B.A. in Biological Sciences cannot be used as a second major for many students already in a degree program in the life sciences – students interested in a second major should first check with the coordinator of their desired second major.

1Calculus alternatives (take one course)
Students interested in taking more than one semester of calculus should start with either MA 131 or MA 141, because MA 121 does not serve as a pre-requisite for either MA 231 or MA 241. Additional semesters of calculus can be used toward Life Science Electives requirements.
  MA 121 Elements of Calculus
  MA 131 Calculus for Life and Management Sciences A (first of two-semester series)
  MA 141 Calculus I (first of three-semester series)

2Organic chemistry alternatives (take one)
CH 220 is a single semester organic chemistry course, with lab included. CH 221 is the first of a two semester sequence (with CH 223) in organic chemistry, with CH 222 serving as the lab. Students earning a B.A. in Biological Sciences can take either CH 220 or CH 221 plus CH 222 to meet their organic chemistry requirement. Students who wish to take two semesters of organic chemistry should NOT start with CH 220, but should take CH 221/222 and CH 223/224.

3LSC 103 Exploring Life Science Disciplines
LSC 103 deals with transition-to-college issues while exploring degree program options within the life sciences. If a student transfers into the B.A. in Biological Sciences after taking a similar course in another program, that course can be substituted for LSC 103 on the degree audit, an action initiated by the academic advisor.

4ENG 101 and the General Education Program (GEP)
All NC State students take 26 credit hours as part of the General Education Program (GEP). This includes ENG 101, which can be taken either the first or second semester of the first year, and LS 101, which meets 2 credit hours of the Interdisciplinary Perspectives GEP requirement.
For their GEP Elective(s) in the first year, students are encouraged to explore the GEP course lists (http://oucc.ncsu.edu/gep-courses) for Interdisciplinary Perspectives, Humanities, or Social Sciences and choose a course in which they are interested.

5 **Statistics alternatives (take one course)**
   - ST 305
   - ST 311
   - ST/BUS 350

6 **Advanced Communication Requirement (take one course from each list, minimum 6 cr hrs)**
   - Communication courses
     - COM 110 Public Speaking
     - COM 112 Interpersonal Communication
     - COM 201 Introduction to Persuasion Theory
     - COM 202 Small Group Communication
     - COM 203 Theory and Practice of Acting
     - COM 211 Argumentation and Advocacy
     - COM 213 Oral Interpretation of Literature
     - COM 226 Introduction to Public Relations
     - COM 240 Communication Inquiry
   - Advanced Writing courses
     - ENG 201 Writing Literary Analysis
     - ENG 214 Introduction to Editing
     - ENG 232 Literature and Medicine
     - ENG 287 Explorations in Creative Writing
     - ENG 288 Fiction Writing
     - ENG 289 Poetry Writing
     - ENG 292 Writing About Film
     - ENG 316 Principles of News and Article Writing
     - ENG 323 Writing in the Rhetorical Tradition
     - ENG 331 Communication for Engineering and Technology (Junior standing required)
     - ENG 332 Communication for Business and Management (Junior standing required)
     - ENG 333 Communication for Science and Research (Junior standing required)
     - ENG 381 Creative Nonfiction Writing Workshop
     - ENG 422 Writing Theory and the Writing Process

7 **Life Science Electives (take a total of 25 credit hours)**
   A total of 25 credit hours must be taken from the courses listed below. At least 19 of these hours must be at the 300 level or higher. With advisor approval, students can use a total of up to 3 hours of learning experience (e.g., BIO 492, 493) or honors research experience toward Life Science Electives or toward 6 Cross Discipline Electives (Advised) – whichever category the experience appropriately fits. Some experimental courses (295, 495, and 592) and graduate (500-) level courses may also be used as Life Science Electives, with advisor and departmental approval. Students should check the prerequisites and restrictions on courses in which they are interested.
Microbiology and Biochemistry courses
BCH 220 Role of Biotechnology in Society
BCH 351 or BCH 451 Biochemistry
BCH 452 Introductory Biochemistry Lab
BCH 453 Biochemistry of Gene Expression
BCH 454 Advanced Biochemistry Laboratory
BCH 455 Proteins and Molecular Mechanisms
BIT/MB 210 Phage Hunters
BIT/MB 211 Phage Genomics
CH 223 Organic Chemistry II
CH 224 Organic Chemistry II Lab
MB 200 Microbiology and World Affairs
MB 320 Fundamentals of Microbial Cell Culture
MB 351 General Microbiology
MB 352 General Microbiology Laboratory
MB 354 Inquiry-Guided Microbiology Lab
MB 360 Scientific Inquiry in Microbiology: At the Bench
MB 405 Food Microbiology
MB 406 Food Microbiology Lab
MB 411 Medical Microbiology
MB 412 Medical Microbiology Laboratory
MB 414 Microbial Metabolic Regulation
MB 420 Fundamentals of Microbial Cell Biotransformations
MB 435 Bacterial Pathogenesis
MB 451 Microbial Diversity
MB 452 Microbial Diversity Lab
MB 455 Microbial Biotechnology
MB 461 Molecular Virology
SSC 332 Environmental Soil Microbiology

Molecular, Genetic, Cellular, and Developmental Biology courses
BIO 267 Research in the Life Sciences I: Research Skills
BIO 269 Research in the Life Sciences II: Guided Research
BIO 361 Developmental Biology
BIO 370 Developmental Anatomy of the Vertebrates
BIO 375 Developmental Anatomy Lab
BIO 405 Functional Histology
BIO/PB 414 Cell Biology
BIT 200 Early Research in Biotechnology
BIT/MB 210 Phage Hunters
BIT/MB 211 Phage Genomics
BIT 410 Manipulation of Recombinant DNA
BIT 462 Gene Expression Analysis: Microarrays
BIT 464 Protein Purification
BIT 465 Real-time PCR Techniques
BIT 466 Animal Cell Culture Techniques
BIT 467 PCR and DNA Fingerprinting
BIT 468 Genome Mapping
BIT 471 RNA Interference and Model Organisms
BIT 473 Experimental Analysis of Protein-Protein Interactions
BIT 474 Plant Genetic Engineering
BIT 476 Applied Bioinformatics
BIT 481 Plant Tissue Culture and Transformation
GN 301 Genetics in Human Affairs -or- ANS 215 Basic Agricultural Genetics
GN 311 Principles of Genetics
GN 312 Elementary Genetics Lab
GN 421 Molecular Genetics
GN 423 Population, Quantitative, and Evolutionary Genetics
GN 425 Advanced Genetics Laboratory
GN 427 Introductory Bioinformatics
GN 434 Genes and Development
GN 441 Human and Biomedical Genetics
GN 451 Genome Science
GN 461 Advanced Bioinformatics
MB 461 Molecular Virology
PB 476 Applied Bioinformatics
PB 480 Introduction to Plant Biotechnology
PB 481 Plant Tissue Culture and Transformation

Physiology, Neurobiology, and Behavioral Biology courses
  AEC 441 Biology of Fishes
  AEC 442 Biology of Fishes Lab
  ANS 205 Physiology of Domestic Animals
  ANS 206 Anatomy of Domestic Animals Lab
  ANS 220 Reproduction and Lactation in Domestic Animals
  ANS 221 Reproduction and Lactation in Domestic Animals Lab
  ANS 225 Principles of Animal Nutrition or ANS 230 Nutrition of Domestic Animals
  ANS 231 Nutrition of Domestic Animals Lab
  ANS 330 Laboratory Animal Science
  ANS/PO/NTR 415 Comparative Nutrition
  BIO 212 (Basic Human Anat & Phys) -or- 250 (Animal Anatomy & Physiology)
  BIO 233 Human-Animal Interactions (IP)
  ENT 201 (Insects and People) -or- 207 (Insects and Human Disease; IP)
  BIO 410 Animal Behavior
  BIO 421 Advanced Human Anatomy and Physiology
  BIO 422 Biological Clocks
  BIO 424 Endocrinology
  BIO 426 Advanced Human Anatomy and Physiology Lab
  BIO 444 The Biology of Love and Sex
  BIO 488 Neurobiology
  ENT 305 Introduction to Forensic Entomology
  MB 441 Immunology
  NTR 301 Introduction to Human Nutrition
NTR 330 Public Health Nutrition
NTR 401 Advanced Nutrition and Metabolism
NTR 410 Maternal and Infant Nutrition
NTR 419 Human Nutrition and Chronic Disease
NTR 421 Life Cycle Nutrition
PB 215 Medicinal Plants
PB 321 Introduction to Whole Plant Physiology
PB 421 Plant Physiology
PO 405 Avian Physiology
PY 212 College Physics II
TOX 201 Poisons, People and the Environment

Ecology, Evolution, Biodiversity, and Conservation Biology courses
AEC 380 Water Resources (IP)
AEC 400 Applied Ecology
AEC 419 Limnology
AEC 420 Introduction to Fisheries Science
AEC 423 Introduction to Fisheries Sciences Laboratory
AEC 460 Field Ecology and Methods
BIO 315 Parasitology
BIO 317 Primate Ecology and Evolution
BIO/PB 330 Evolutionary Biology
BIO 333 Captive Animal Biology
BIO 350 Animal Phylogeny and Diversity
BIO 353 Wildlife Management
BIO/PB 360 Ecology
BIO 402 Invertebrate Biology
BIO 425 General Entomology
CH/MEA 323 Earth System Chemistry
COM 436 Environmental Communication
CS 230 Introduction to Agroecology
CS 430 Advanced Agroecology
ENT 212 Basic Entomology
ENT 305 Introduction to Forensic Entomology
ENT 402 Forest Entomology
ENT 425 General Entomology
ES 200 Climate Change and Sustainability
ES 300 Energy and Environment
ES 400 Analysis of Environmental Issues
FOR 260 Forest Ecology
FOR 261 Forest Communities
FW 465 African Ecology and Conservation
MEA 200 Introduction to Oceanography
MEA 210 Oceanography Lab
MEA 220 Marine Biology
MEA 250 Introduction to Coastal Environments
MEA 251 Introduction to Coastal Environments Laboratory
MEA 300 Environmental Geology  
MEA/CH 323 Earth System Chemistry  
MEA 369 Terrestrial Paleontology  
MEA 384 Paleoecology  
MEA/BIO 449 Principles of Biological Oceanography  
NR 303 Humans and the Environment  
NR 406 Conservation of Biological Diversity  
PB 200 (Plant Life) -or- 250 (Plant Biology)  
PB 213 Plants and Civilization  
PB 215 Medicinal Plants  
PB 219 Plants in Folklore, Myth, & Religion  
PB 220 Local Flora  
PB 277 Space Biology  
PB/BIO 360 Ecology  
PB 403 Systematic Botany  
PB 405 Wetland Flora  
PP 315 Principles of Plant Pathology  
SSC 201 Soil Science Laboratory  
TOX 201 Poisons, People and the Environment

8 Cross Discipline Electives -- Advised (take 21 credit hours)
Students in the B.A. in Biological Sciences will identify a second discipline of interest in which to also focus their studies. These 21 credit hours will be planned by the student in consultation with their advisor and must be approved by the advisor and by the program. This second disciplinary focal area can be selected from a wide range of fields outside of the life sciences (below). At least 15 of these hours must be at the 300 level or higher and the rest must be at the 200 level or higher. With adviser approval, students can use a total of up to 3 hours of learning experience (e.g., BIO 492, 493) or honors research experience toward Life Science Electives or toward Cross Discipline Electives -- whichever category the experience appropriately fits. Some experimental courses (295, 495, and 592) and graduate (500-) level courses may also be used as Cross Discipline Electives, with adviser and program approval. Students should check the prerequisites and restrictions on courses in which they are interested. For example, most ELM courses are restricted to Elementary Education majors and therefore would be appropriate only to those with a second major in Elementary Education. Courses used to meet GEP requirements cannot also be used to meet Cross Discipline Electives requirements.

NOTE: This list is not to be coded into the degree audit.

  ADN >199 (Art and Design)
  AES >199 (Agricultural and Environmental Systems)
  AFS >199 (Africana Studies)
  ANS >199 (Animal Science)
  ANT >199 (Anthropology)
  ARC >199 (Architecture)
  ARE >199 (Agricultural and Resource Economics)
  ARS >199 (Arts Studies)
  BAE >199 (Biological & Agricultural Engineering)
BBS >199 (Bioprocessing)
BEC >199 (Biomanufacturing Training & Education Center)
BIT >199 (Biotechnology)
BMA >199 (Biomathematics)
BME >199 (Biomedical Engineering)
BUS >199 (Business Management)
CE >199 (Civil Engineering)
CH >199 (Chemistry)
CHE >199 (Chemical Engineering)
CL >199 (Comparative Literature)
COM >199 (Communication)
CS >199 (Crop Science)
CSC >199 (Computer Science)
DS >199 (Design Studies)
EAC >199 (Adult and Higher Education)
EC >199 (Economics)
ECD >199 (Counselor Education)
ECE >199 (Electrical & Computer Engineering)
ECI >199 (Curriculum, Instruction and Counselor Education)
ED >199 (Education)
EDP >199 (Educational Psychology)
EI >199 (Entrepreneurship Initiative)
ELM >199 (Elementary Education)
ELP >199 (Educational Leadership and Policy Studies)
EMS >199 (Mathematics, Science and Technology Education)
ENG >199 (English)
ENT >199 (Entomology)
ET >199 (Environmental Technology)
FL* >199 (Foreign Languages and Literatures)
FM >199 (Feed Mill)
FOR >199 (Forestry)
FS >199 (Food Science)
FTD >199 (Fashion and Textile Design)
FW >199 (Fisheries and Wildlife Science)
GC >199 (Graphic Communications)
GD >199 (Graphic Design)
GEO >199 (Geography)
GPH >199 (Global Public Health)
GTI >199 (Global Training Initiative)
HA >199 (History of Art)
HI >199 (History)
HS >199 (Horticulture Science)
ID >199 (Industrial Design)
IDS >199 (Interdisciplinary Studies)
IS >199 (International Studies)
LAR >199 (Landscape Architecture)
LOG >199 (Logic)
LPS >199 (Leadership in the Public Sector)
MA >199 (Mathematics)
MAE >199 (Mechanical & Aerospace Engineering)
MEA >199 (Marine, Earth, and Atmospheric Sciences)
MIE >199 (Management, Innovation and Entrepreneurship)
MSE >199 (Materials Science & Engineering)
MT >199 (Medical Textiles)
MUS >199 (Music)
NE >199 (Nuclear Engineering)
NPS >199 (Nonprofit Studies)
PA >199 (Public Administration)
PCC >199 (Polymer and Color Chemistry)
PHI >199 (Philosophy)
PO >199 (Poultry Science)
PP >199 (Plant Pathology)
PRT >199 (Parks, Recreation and Tourism Management)
PS >199 (Political Science)
PSE >199 (Paper Science Engineering)
PSY >199 (Psychology)
PY >199 (Physics)
REL >199 (Religion)
SMT >199 (Sustainable Materials Technology)
SOC >199 (Sociology)
SSC >199 (Soil Science)
ST >199 (Statistics)
STS >199 (Science, Technology, and Society)
SW >199 (Social Work)
TC >199 (Textile Chemistry)
TDE >199 (Tech Engr & Des Educ)
TE >199 (Textile Engineering)
TED >199 (Technology Education)
THE >199 (Theatre)
TMS >199 (Textile Materials Science)
TOX >199 (Toxicology)
TT >199 (Textile Technology)
WGS >199 (Women’s and Gender Studies)
WPS >199 (Wood and Paper Science)

\[^9\]Free Electives (take 12 credit hours)
These electives cannot be remedial nor can they be taken at an elementary level after you have taken comparable coursework at a more advanced level.

\[^10\]Physics Alternatives
PY 211 is a suitable substitute for PY 131.
Experiential Learning Requirement
Experiential Learning opportunities can take many forms, but should be relevant to a possible career path for the student. The out-of-class experience to be undertaken to meet this requirement must be approved in advance by the adviser and program director. It is the responsibility of the student to identify an opportunity, to make arrangements with a supervisor to pursue that opportunity, and to complete the contract necessary for credit to be awarded for the experience.

*General Education Program (GEP) requirements and GEP Footnotes:
To complete the requirements for graduation and the General Education Program, the following category credit hours and co-requisites must be satisfied. University approved GEP course lists for each of the following categories can be found at http://www.ncsu.edu/uap/academic-standards/gep/courselists/index.html.

Introduction to Writing: ENG 101 (4 credit hours with a C- or better)
*Students must complete ENG 101 during their freshman year.*
Mathematical Sciences (6 credit hours – one course with MA or ST prefix)
*In this degree program, this GEP requirement is met through the Major course requirements.*
Natural Sciences (7 credit hours – include one laboratory course or course with a lab)
*In this degree program, this GEP requirement is met through the Major course requirements.*
Humanities (6 credit hours selected from two different disciplines/course prefixes)
Choose from the University approved GEP Humanities course list. Some courses on this list will also meet the U.S. Diversity or Global Knowledge co-requisites.
Social Sciences (6 credit hours selected from two different disciplines/course prefixes)
Choose from the University approved GEP Social Sciences course list. Some courses on this list will also meet the U.S. Diversity or Global Knowledge co-requisites.
Physical Education/Healthy Living (2 credit hours – at least one 100-level Fitness and Wellness Course)
Choose from the University approved GEP Physical Education/Healthy Living course list.
Additional Breadth - (3 credit hours)
Choose from the University approved GEP Humanities course list or the GEP Social Sciences course list or the GEP Visual & Performing Arts course list. Some courses on this list will also meet the U.S. Diversity or Global Knowledge co-requisites.
Interdisciplinary Perspectives (5 credit hours)
*In this degree program, 2 credit hours are met through a Major course requirement. For the remaining 3 credit hours, choose from the University approved GEP Interdisciplinary Perspectives course list. Some courses on this list will also meet the U.S. Diversity or Global Knowledge co-requisites.*

The following Co-Requisites must be satisfied to complete GEP requirements:

U.S. Diversity (USD)
Choose from the University approved GEP U.S. Diversity course list or choose a course identified on the approved GEP course lists as meeting the U.S. Diversity (USD) co-requisite.
Global Knowledge (GK)
Choose from the University approved GEP Global Knowledge course list or choose a course identified on the approved GEP course lists as meeting the Global Knowledge (GK) co-requisite.
Foreign Language proficiency - Proficiency at the FL_102 level is required for graduation.
# Proposed Curriculum Requirements

**Format B – GEP 2009**

**Degree Title:** Bachelor of Arts in Biological Sciences (17BIOBA)

**Current Degree Key:** none

**Effective Date:** Summer 2015

## Major Field of Study Requirements:

<table>
<thead>
<tr>
<th>Required Courses/Groups/ Electives</th>
<th>Credit Hours</th>
<th>GEP category, if applicable</th>
<th>List GEP category and hours satisfied by a Major requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Courses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>†LSC 101 Critical &amp; Creative Thinking in the Life Sciences</td>
<td>2</td>
<td></td>
<td>Interdisciplinary Perspectives (2 hours)</td>
</tr>
<tr>
<td>†LSC 103 Exploring Life Science Disciplines</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>†BIO 181 Introductory Biology I</td>
<td>4</td>
<td></td>
<td>Natural Sciences (4 hours)</td>
</tr>
<tr>
<td>†BIO 183 Introductory Biology II</td>
<td>4</td>
<td></td>
<td>Natural Sciences (3 hours)</td>
</tr>
<tr>
<td>†CH 101 Chemistry – A Molecular Science</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>†CH 102 General Chemistry Lab</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>†CH 220 Introductory Organic Chemistry and Lab</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(or CH 221/222)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>†MA 121 Elements of Calculus (or MA 131 or MA 141)</td>
<td>3</td>
<td></td>
<td>Mathematical Sciences (3 hours)</td>
</tr>
<tr>
<td>10PY 131 Conceptual Physics</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(or PY 133 or PY 211)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5Statistics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ST 305 or ST 311 or ST/BUS 350)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>†C- or better required in these courses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6Advanced Communication Requirement</td>
<td>6</td>
<td></td>
<td>Communication in the Major requirement</td>
</tr>
<tr>
<td>7Life Science Electives</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(at least 19 hours at the 300 level or higher)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8Cross Discipline Electives (Advised)</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(at least 15 hours at the 300 level or higher)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11Experiential Learning Requirement</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Capstone Project (BIO 481)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Electives:</td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9Free Electives</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total credit hours under Major Field of Study:**

Minimum 27 hours required in program area.

**97 hours**

## College Requirements:

**Orientation Course(s):**

requirement met by Exploring Life Science Disciplines (above)

**Total credit hours under College Requirements:**

0
### NCSU GENERAL EDUCATION PROGRAM REQUIREMENTS

Courses in the Major and/or Minor may also fulfill a General Education requirement; however, a GEP category may not be subset to require a specific course from the category list. Required courses must be listed in the Major/College requirements.

*Specific courses should not be listed in any of the fields below other than ENG 101.*

<table>
<thead>
<tr>
<th>General Education Program Requirements:</th>
<th>Credit Hours</th>
<th>How will the GEP requirement be met?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mathematical Sciences</strong> (6 credits)</td>
<td>X</td>
<td>Minimum requirements are satisfied by Major course requirements.</td>
</tr>
<tr>
<td>(At least 1 course with MA or ST prefix)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Course(s) in the Major may double-count to satisfy this requirement and also satisfy either the Global Knowledge or U.S. Diversity co-requisites.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Natural Sciences</strong> (7 credits)</td>
<td>X</td>
<td>Minimum requirements are satisfied by Major course requirements.</td>
</tr>
<tr>
<td>(At least 1 lab course or course with a lab)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Course(s) in the Major may double-count to satisfy this requirement and also satisfy either the Global Knowledge or U.S. Diversity co-requisites.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>English 101 (C- or better required)</strong></td>
<td>4</td>
<td>ENG 101</td>
</tr>
<tr>
<td>(4 credits)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Humanities</strong> (6 credits)</td>
<td>6</td>
<td>Choose courses from the University-approved GEP course list for Humanities.</td>
</tr>
<tr>
<td>(Courses from two different disciplines)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Course(s) used to satisfy this requirement can also satisfy either the Global Knowledge or U.S. Diversity co-requisites.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social Sciences</strong> (6 credits)</td>
<td>6</td>
<td>Choose courses from the University-approved GEP course list for Social Sciences.</td>
</tr>
<tr>
<td>(Courses from two different disciplines)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Course(s) used to satisfy this requirement can also satisfy either the Global Knowledge or U.S. Diversity co-requisites.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Additional Breadth (AB)</strong> (3 credits)</td>
<td>3</td>
<td>Choose course(s) from the University-approved GEP course lists for the Humanities/Soc Sciences/Visual &amp; Performing Arts.</td>
</tr>
<tr>
<td>(Choose approach that is different from the approach of the Major) An AB course cannot be double-counted except in satisfying the Global Knowledge or U.S. Diversity co-requisites.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interdisciplinary Perspectives</strong> (5 credits)</td>
<td>3</td>
<td>Choose course from the University-approved GEP course list for Interdisciplinary Persp. LSC 101 meets the other 2 credit hours of this requirement.</td>
</tr>
<tr>
<td>Course(s) used to satisfy this requirement can also satisfy either the Global Knowledge or U.S. Diversity co-requisites.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Physical Education/Healthy Living</strong> (Including one Fitness and Wellness course)</td>
<td>2</td>
<td>Choose courses from the University-approved GEP course list for Physical Ed/Healthy Living.</td>
</tr>
<tr>
<td>(2 credits)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total credit hours needed to complete GEP that are not satisfied as part of the Major/College requirements:** 24 hours

### GEP Co-Requisites:

- **U.S. Diversity co-requisite (USD)**: n/a  
  Choose course from the University-approved GEP course list for U.S. Diversity.

- **Global Knowledge co-requisite (GK)**: n/a  
  Choose course from the University-approved GEP course list for Global Knowledge.
<table>
<thead>
<tr>
<th>Foreign Language Proficiency</th>
<th>n/a</th>
<th>Proficiency at the FL_102 level required.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following requirements must be satisfied within the College/Program:</td>
<td></td>
<td>Place an X in the credit hour box to indicate below that the requirement is &quot;Satisfied by College/Program Requirements&quot;</td>
</tr>
<tr>
<td>Communication in the Major (Advanced Communication)</td>
<td>X</td>
<td>Satisfied by College/Program Requirements</td>
</tr>
<tr>
<td>Technology Fluency</td>
<td>X</td>
<td>Satisfied by College/Program Requirements</td>
</tr>
<tr>
<td><strong>Total credit hours required to complete Degree:</strong> Total must be within 120-128 credit hours.</td>
<td>121 total hours</td>
<td></td>
</tr>
</tbody>
</table>
New Course
*BIO 481 Senior Capstone Project (required)

This would be a 1 credit hour course to be completed during the final semester before graduation by all students enrolled in the B.A. in Biological Sciences. Learning outcomes would align with the academic learning outcomes of the program, and assignments in this course would be used for assessment of student learning outcomes for the program. The major assignment would be a semester-long project in which students would identify a societal challenge and analyze how their two disciplines of study (biology and their second disciplinary focus area) can be used to address the challenge. Students would be required to make connections between their two primary fields of study, their required learning experience and any other out-of-class experiences that they deem relevant. They would be expected to use insights from their two primary fields of study to analyze and address the challenge they identify.

IV. Faculty
A. (For undergraduate and master's programs) List the names, ranks and home department of faculty members who will be directly involved in the proposed program. The official roster forms approved by SACS may be submitted. For master’s programs, state or attach the criteria that faculty must meet in order to be eligible to teach graduate level courses at your institution.
B. (For doctoral programs) NA
C. Estimate the need for new faculty for the proposed program over the first four years. If the teaching responsibilities for the proposed program will be absorbed in part or in whole by the present faculty, explain how this will be done without weakening existing programs.
D. Explain how the program will affect faculty activity, including course load, public service activity, and scholarly research.

The following are faculty in the Department of Biological Sciences who may contribute to the proposed program.

Dr. Robert Anholt, Named Professor
Dr. David Aylor, Assistant Professor
Dr. Michael Bereman, Assistant Professor
Dr. Betty Black, Professor
Dr. James Bonner, Professor
Dr. Russell Boriski, Professor
Dr. James Brown, Professor
Dr. David Buchwalter, Associate Professor
Dr. Jennifer Campbell, Teaching Assistant Professor
Dr. Stephanie Curtis, Professor
Dr. Robert Dunn, Named Associate Professor
Dr. Ted Emigh, Associate Professor
Dr. Miles Engell, Teaching Assistant Professor
Dr. Patricia Estes, Research Assistant Professor
Dr. Miriam Ferzli, Teaching Associate Professor
Dr. Jason Flores, Teaching Associate Professor
Dr. Amy Friesland, Lecturer
Dr. Marian-Elizabeth Gardner, Teaching Associate Professor
Dr. James Gilliam, Professor
Dr. John Godwin, Professor
Dr. William Grant, Professor
Dr. Nicholas Haddad, Professor
Dr. Christopher Halweg, Teaching Assistant Professor
Dr. Mary Beth Hawkins, Teaching Assistant Professor
Dr. Harold Heatwole, Professor
Dr. Jane Hoppin, Associate Professor
Dr. Benoit Jacquet, Lecturer
Dr. Whitney Jones, Teaching Assistant Professor
Dr. Mark Keen, Teaching Assistant Professor
Dr. Marta Klesath, Teaching Assistant Professor
Dr. Seth Kullman, Associate Professor
Dr. Jennifer Landin, Teaching Assistant Professor
Dr. R. Brian Langerhans, Associate Professor
Dr. Scott Laster, Professor
Dr. Gerald LeBlanc, Professor
Dr. Alice Lee, Teaching Assistant Professor
Dr. Jane Lubischer, Teaching Associate Professor
Dr. Trudy Mackay, Named Professor
Dr. James Mahaffey, Professor
Dr. Vicki Martin, Professor
Dr. Carolyn Mattingly, Associate Professor
Dr. Scott McCulloch, Assistant Professor
Dr. Lisa McGraw, Assistant Professor
Dr. John Meitzen, Assistant Professor
Dr. Marianne Niedzlek-Feaver, Associate Professor
Dr. Dahlia Nielsen, Associate Professor
Dr. Jonathan Olson, Associate Professor
Dr. Lisa Paciulli, Lecturer
Dr. Lisa Parks, Teaching Associate Professor
Dr. Heather Patisaul, Named Associate Professor
Dr. Ian Petty, Professor
Dr. Antonio Planchart, Assistant Professor
Dr. Melissa Roberts, Teaching Assistant Professor
Dr. David Reif, Associate Professor
Dr. Reade Roberts, Assistant Professor
Dr. Frank Scholle, Associate Professor
Dr. Michael Sikes, Associate Professor
Dr. Nadia Singh, Assistant Professor
Dr. Robert Smart, Named Professor
Dr. Eric Stone, Associate Professor
Dr. Jeffrey Thorne, Professor
Dr. Jun Tsuji, Professor
Dr. Yoshiaki Tsuji, Professor
Dr. Lindsay Zanno, Research Assistant Professor

No new faculty positions are requested. The proposed program will take advantage of faculty already supporting the B.S. in Biological Sciences.

Biology faculty will not notice any change in their teaching/advising loads or research, with the exception of the individual identified to serve as program director. This individual, together with the departmental Undergraduate Programs Committee, will be responsible for oversight of the program, including program assessment. At the same time, some undergraduate program directors/coordinators (especially those involved in the B.S. in Biological Sciences) may see a decrease in enrollment in their major and a subsequent easing of some of their administrative load.
V. Library
   A. Provide a statement as to the adequacy of present library holdings for the proposed program to support the instructional and research needs of this program.
   B. State how the library will be improved to meet new program requirements for the next four years. The explanation should discuss the need for books, periodicals, reference material, primary source material, etc. What additional library support must be added to areas supporting the proposed program?
   C. Discuss the use of other institutional libraries.

There will be no additional demands placed on the libraries at NC State or elsewhere. Our current library facilities are outstanding, led by the new James B. Hunt Library, recognized internationally and seen as an example of how to use innovative design not only to serve the needs of a research-intensive educational institution but also to inspire the students, staff, and faculty who work within its spaces.

VI. Facilities and Equipment
   A. Describe facilities available for the proposed program.
   B. Describe the effect of this new program on existing facilities and indicate whether they will be adequate, both at the commencement of the program and during the next decade.
   C. Describe information technology and services available for the proposed program.
   D. Describe the effect of this new program on existing information technology and services and indicate whether they will be adequate, both at the commencement of the program and during the next decade.

Because the B.A. in Biological Sciences will serve students already studying biology at NC State (either in the B.S. in Biological Sciences or in one of the minors in the life/biological sciences), it will take advantage of facilities and services already serving the students. We do not expect there to be any change in the demand on these facilities or services.

VII. Administration
   Describe how the proposed program will be administered, giving the responsibilities of each department, division, school, or college. Explain any inter-departmental or inter-unit administrative plans. Include an organizational chart showing the "location" of the proposed new program.

The new program will be housed within the Department of Biological Sciences, in the College of Sciences. The Director of the B.A. in Biological Sciences will join other program directors and coordinators on the departmental Undergraduate Programs Committee. This faculty committee oversees the B.S. in Biological Sciences, the B.S. in Genetics, the B.S. in Microbiology, and the B.S. in Zoology at the department level. The Director of the proposed program will also sit on the College of Sciences Undergraduate Academic Advisory Committee.
VIII. Accreditation and Licensure

NA

IX. Supporting Fields

Discuss the number and quality of lower-level and cognate programs for supporting the proposed degree program. Are other subject-matter fields at the proposing institution necessary or valuable in support of the proposed program? Is there needed improvement or expansion of these fields? To what extent will such improvement or expansion be necessary for the proposed program?

No lower level program is required for the B.A. in Biological Sciences. Cognate courses -- courses in another department that fulfill a requirement for the proposed program -- are fewer in number than for the companion B.S. in Biological Sciences. These include two courses (and a lab) in chemistry, one course in physics, one course in mathematics, one course in statistics, and two courses offered by the Life Sciences First Year Program. Since the proposed B.A. is expected to serve students already at NC State, many of whom would otherwise be in the B.S. program, it is likely that there will be a slight decrease in enrollment pressure on the cognate courses required in the B.S. that are not required in the B.A. -- and a slight increase in courses (like Conceptual Physics) that are not an option for students in the B.S. The departments offering these courses have reviewed the proposed curricular requirements and have not expressed concern about these changes. A wide range of other departments will also contribute to teaching students in this program, both through their General Education offerings and through course offerings that some B.A. students may choose to complete their Cross Discipline Electives (studies in their second disciplinary area). Given the many options for students in the proposed degree program, it is unlikely that any single disciplinary area will experience a substantial increase in enrollment in their courses. One department that might have a concern in this regard is psychology -- but the B.A. students most likely to choose an area related to psychology as their second disciplinary focus are likely students that would otherwise choose to minor in psychology or perhaps even major in psychology (instead of biology). So it is not clear that the proposed program will result in additional pressure on courses offered by psychology. Nevertheless, it remains important that we continue to monitor how well we are meeting student demand for individual courses across departments.

X. Additional Information

Include any additional information deemed pertinent to the review of this new degree program proposal.

XI. Budget

Because the B.A. in Biological Sciences will serve students already studying biology at NC State (either in the B.S. in Biological Sciences or in one of the minors in the life/biological sciences), it will take advantage of faculty, advisors, facilities, and services already serving our students. We do not expect there to be any additional costs associated with offering this new program. The goal is not to increase enrollment, but to serve some of our students with an alternative path to degree that better serves their interests and goals. Resources that would have supported these students in the B.S. in Biological Sciences will now be used to support them in the B.A. in Biological Sciences -- both degree programs will be housed in the Department of Biological Sciences and administered together with the other undergraduate degree programs offered by that department.

XII. Evaluations Plans

All new degree program proposals must include an evaluation plan which includes:

A. Criteria to be used to evaluate the quality and effectiveness of the program, including academic program student learning outcomes.
B. Measures (metrics) to be used to evaluate the program (include enrollments, number of graduates, and student success).
C. The plan and schedule to evaluate the proposed new degree program prior to the completion of its fourth year of operation.

**Learning outcomes for students graduating with a B.A. in Biological Sciences**

Students should be able to:
- explain the following fundamental principles of biology and apply their knowledge of these principles to novel situations. (Outcome 1)
  - evolution as a unifying theory of biology
  - structure and function in living things
  - organization, transfer, and expression of genetic information
  - energy pathways in biological systems
  - ecological and behavioral interactions among individuals and populations
  - the nature of science as a process to understand and explain natural phenomena
- analyze the distinct approaches of and connections between biology and a second disciplinary area. (Outcome 2)
- integrate knowledge across disciplines to analyze and propose solutions to a problem. (Outcome 3)
- apply knowledge gained through coursework to research and other settings outside of the traditional classroom. (Outcome 4)

Each learning outcome will be assessed no less often than every four years or as otherwise required, and in any given year assessment will focus on two of the four learning outcomes. All learning outcomes will be assessed through direct evaluation of student work produced either in their biology courses (Outcome 1) or in the Capstone Project course completed the senior year (Outcomes 2-4). Outcome 4 also will be assessed by review of assignments completed as part of the Experiential Learning Requirement and by surveys of both the student and their supervisor. Responses to student surveys will be used to supplement all direct measures, gauging student perceptions of their learning and of other aspects of program quality.

**Other metrics to be used in program evaluation** will include headcount enrollments on census of fall semester (single majors and multiple majors), intra-campus transfers into the program, intra-campus transfers out of the program (not to include students who graduate, are suspended, or withdraw from the University), degrees awarded each year (summer through spring), degree efficiency (degrees awarded / JR+SR enrollment), time to degree (single majors only), time to degree (multiple majors included), four-year graduation rate, and six-year graduation rate. University surveys of students and alumni will also be used to gauge student perceptions of the major, including questions that ask if they would choose this major again and what they are doing at different times after graduation. We will also compare B.A. and B.S. biology students in terms of their performance in upper division courses in biology.

XIII. Reporting Requirements
Institutions will be expected to report on new program productivity as a part of the biennial low productivity program review process.

XIV. Attachments
Attach the final approved Appendix A as the first attachment following this document.

This proposal to establish a new degree program has been reviewed and approved by the appropriate campus committees and authorities.

Chancellor: ___________________________ Date: ___________________________
MEMORANDUM

TO: Terri L. Lomax  
Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson  
Chancellor

SUBJECT: Recommendation to continue the Center for Comparative Medicine and Translational Research (CCMTR) under Regulation 10.10.04

DATE: November 18, 2014

In response to your Memorandum dated November 18, 2014, authorization is hereby granted to forward the request to continue the Center for Comparative Medicine and Translational Research (CCMTR) to the Board of Trustees for approval.

WRW/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration  
Jonathan Horowitz, Assistant Vice Chancellor for Research Administration  
Larisa Siark, Coordinator -- Centers and Institutes, SPARCS
MEMORANDUM

TO: W. Randolph Woodson  
    Chancellor  
    NC State University  

FROM: Terri Lomax  
      Vice Chancellor for Research, Innovation and Economic Development  
      NC State University

SUBJECT: Recommendation to continue the Center for Comparative Medicine and  
Translational Research (CCMTR) under Regulation 10.10.04

DATE: November 18, 2014

The Center for Comparative Medicine and Translational Research (CCMTR) was authorized in February 2006 by the NC State Board of Trustees. In accordance with Regulation 10.10.04, the CCMTR completed a Periodic review on May 15-16, 2014 of its activities for the period 2008-early 2014 (5+ years). This review was conducted by an external team of individuals representing academic veterinary and human medical centers, as well as a major veterinary biopharmaceutical corporation.

The Report presented by the Review Committee strongly supports the mission and direction of the CCMTR and shows that the Center and its leadership are meeting NC State and Center goals. Indeed, the review team stated “the Center was perceived positively at all levels, including individual faculty, graduate students, and external administrators and has clearly provided an environment that fosters faculty collaboration and enhances student mentorship.” The Review Committee added that the Center provides significant value beyond the sum of its parts, and is an asset to NC State and the region. A number of recommendations were proposed by the Review Committee, including a suggested strategic planning effort that is anticipated to help take the Center to the next level. The Center and its Responsible Administrator (College of Veterinary Medicine) have endorsed the recommendations offered by the Review Team and have prepared an effective step-wise roadmap to address these recommendations.

The Office of Research, Innovation and Economic Development and the Provost endorse the conclusion of the Reviewers that the CCMTR should continue as a University Center as sanctioned by the Board of Trustees.

I recommend continuation of the Center and request your approval of this recommendation.

TLL/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration  
    Jonathan Horowitz, Assistant Vice Chancellor for Research Development  
    Larisa Slark, Coordinator – Centers and Institutes, SPARCS
MEMORANDUM

TO: Mladen Vouk
    Interim Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson
    Chancellor

SUBJECT: Recommendation to continue the Institute for Emerging Issues (IEI)
        under Regulation 10.10.04

DATE: December 19, 2014

In response to your Memorandum dated December 19, 2014, authorization is hereby granted to forward
the request to continue the Institute for Emerging Issues (IEI) to the Board of Trustees for approval.

WRW/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration
    Jonathan Horowitz, Assistant Vice Chancellor for Research Administration
    Larisa Slark, Coordinator – Centers and Institutes, SPARCS
MEMORANDUM

TO: W. Randolph Woodson  
Chancellor  
NC State University

FROM: Mladen Vouk  
Interim Vice Chancellor for Research, Innovation and Economic Development  
NC State University

SUBJECT: Recommendation to continue the Institute for Emerging Issues (IEI)  
under Regulation 10.10.04

DATE: December 19, 2014

The Institute for Emerging Issues (IEI) was authorized in February 1980 by the UNC Board of 
Governors to convene leaders from business, government, nonprofit organizations, and higher 
education to tackle the biggest issues facing North Carolina. In accordance with NC State 
Regulation 10.10.04, a Periodic review and site visit of the Institute was completed on November 
5, 2014 for activities in fiscal years 2009 - 2014. Following the receipt of the Review Team’s 
report, as well as a detailed response from the Institute, this memo requests your approval of 
continuance.

The Report delivered by the Review Team strongly supports the mission and direction of the IEI 
and shows that the Institute’s activities are well-aligned with their internal strategic plan as well 
as the mission and strategic plan of NC State. Indeed, the Review Team concluded that “IEI is 
performing at a very high level, adds enormous value to the research, service, and outreach of the 
University, and potentiates the role of higher education as an economic engine for North 
Carolina”. In particular, the review Team cited the outstanding efforts of the Institute to align 
the North Carolina workforce with the needs of manufacturers within the State in cooperation 
with the NC Association of County Commissioners, the NC Community College System, and the 
NC Cooperative Extension Service. Sprinkled throughout the Review Team’s report are effusive 
testimonials from leaders across the State that serve to underline the Institute’s efforts to engage 
and build consensus on issues that impact all North Carolina citizens.

The Office of Research, Innovation and Economic Development and the Provost recommend 
that the IEI should continue as a University Institute as sanctioned by the Board of Trustees, and 
request your approval of this recommendation.

MAV/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration  
Jonathan Horowitz, Assistant Vice Chancellor for Research Development  
Larisa Slark, Coordinator – Centers and Institutes, SPARCS
MEMORANDUM

TO: Mladen Vouk
Interim Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson
Chancellor

SUBJECT: Recommendation to continue the Kenan Institute for Engineering, Technology and Science (KIETS) under Regulation 10.10.04

DATE: December 19, 2014

In response to your Memorandum dated December 19, 2014, authorization is hereby granted to forward the request to continue the Kenan Institute for Engineering, Technology and Science (KIETS) to the Board of Trustees for approval.

WRW/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration
Jonathan Horowitz, Assistant Vice Chancellor for Research Administration
Larisa Slark, Coordinator – Centers and Institutes, SPARCS
MEMORANDUM

TO: W. Randolph Woodson
Chancellor
NC State University

FROM: Mladen Vouk
Interim Vice Chancellor for Research, Innovation and Economic Development
NC State University

SUBJECT: Recommendation to continue the Kenan Institute for Engineering, Technology and Science (KIETS) under Regulation 10.10.04

DATE: December 19, 2014

The Kenan Institute for Engineering, Technology and Science (KIETS) was authorized in July 1992 by the UNC Board of Governors to improve economic and social conditions via the creation of partnerships with individuals and organizations dedicated to the advancement of science, engineering and technology. In accordance with NC State Regulation 10.10.04, a Periodic review and site visit of the Institute was completed on July 17, 2014 for activities in fiscal years 2009 - 2014. Following the receipt of the Review Team’s report, as well as a detailed response from the Institute, this memo requests your approval of continuance.

The Report delivered by the Review Team strongly supports the mission and direction of the KIETS and shows that the Institute’s activities are well-aligned with their internal strategic plan as well as the mission and strategic plan of NC State. Indeed, the Review Team’s comments are highly complimentary and underline the impact of the Institute on workforce and job creation, as well as the discovery of knowledge. Equally important, the Review Team cited the Institute’s STEM-focused Kenan Fellows Program for Curriculum and Leadership Development for its “national reputation as an exemplary model for teacher engagement, training, and retention". The Review Team provided a number of recommendations that will serve to strengthen the Institute further, including the development of a succession plan for Institute leadership, and these recommendations have been addressed by the Institute in a detailed and thoughtful manner.

The Office of Research, Innovation and Economic Development and the Provost recommend that the KIETS should continue as a University Institute as sanctioned by the Board of Trustees, and request your approval of this recommendation.

MAV/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration
Jonathan Horowitz, Assistant Vice Chancellor for Research Development
Larisan Slark, Coordinator – Centers and Institutes, SPARCS
MEMORANDUM

TO: Terri L. Lomax
    Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson
      Chancellor

SUBJECT: Recommendation to continue the North Carolina Sea Grant College Program (NCSG)
         under Regulation 10.10.04

DATE: December 2, 2014

In response to your Memorandum dated December 2, 2014, authorization is hereby granted to forward
the request to continue the North Carolina Sea Grant College Program (NCSG) to the Board of Trustees
for approval.

WRW/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration
    Jonathan Horowitz, Assistant Vice Chancellor for Research Administration
    Larisa Slark, Coordinator – Centers and Institutes, SPARCS
MEMORANDUM

TO: W. Randolph Woodson
   Chancellor
   NC State University

FROM: Terri Lomax
      Vice Chancellor for Research, Innovation and Economic Development
      NC State University

SUBJECT: Recommendation to continue the North Carolina Sea Grant College Program (NCSG) under Regulation 10.10.04

DATE: December 2, 2014

The North Carolina Sea Grant College Program (NCSG) was authorized in October 1978 by the UNC Board of Governors as a multi-UNC campus Center, and provides unbiased, science-based information to enhance the sustainable use and conservation of ocean and coastal resources to benefit communities, the economy and the environment. In accordance with Federal regulations and NC State Regulation 10.10.04, the National Oceanic and Atmospheric Administration completed a Periodic review and site visit of the Center on September 16-17, 2014 for activities for the period 2010-early 2014. Following the receipt of the review team’s report, this memo requests your approval of the continuance of the Center.

The Report delivered by the Review Team strongly supports the mission and direction of the NCSG and shows that the Center and its leadership are meeting Federal, NC State and Center goals. Indeed, the review team’s comments are highly complimentary and stated “the NCSG program is well-organized and well-managed … [and] has developed targeted, effective, and relevant partnerships. Those relationships are diverse, well-sustained and well-developed”. The Review Team cited the Center’s student fellowship programs as being exemplary and a model for other Sea Grant College Programs across the Nation. Actionable recommendations were not forwarded by the Review Team, however they suggested that NCSG work with NC State and other stakeholders to restore funding lost in recent years due to governmental budget cuts. The Center and its Responsible Administrator (Office of Research, Innovation and Economic Development) endorse this suggestion and will work towards this goal.

The Office of Research, Innovation and Economic Development and the Provost recommend that the NCSG should continue as a University Center as sanctioned by the Board of Trustees and request your approval of this recommendation.

TLL/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration
    Jonathan Horowitz, Assistant Vice Chancellor for Research Development
    Larisa Slark, Coordinator – Centers and Institutes, SPARCS
MEMORANDUM

TO: Terri L. Lomax
Vice Chancellor for Research, Innovation and Economic Development

FROM: W. Randolph Woodson
Chancellor

SUBJECT: Recommendation to continue the Water Resources Research Institute (WRRI) under Regulation 10.10.04

DATE: December 2, 2014

In response to your Memorandum dated December 2, 2014, authorization is hereby granted to forward the request to continue the Water Resources Research Institute (WRRI) to the Board of Trustees for approval.

WRW/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration
    Jonathan Horowitz, Assistant Vice Chancellor for Research Administration
    Larisa Sklar, Coordinator – Centers and Institutes, SPARCIS
MEMORANDUM

TO: W. Randolph Woodson  
Chancellor  
NC State University

FROM: Terri Lomax  
Vice Chancellor for Research, Innovation and Economic Development  
NC State University

SUBJECT: Recommendation to continue the Water Resources Research Institute (WRRI) under Regulation 10.10.04

DATE: December 2, 2014

The Water Resources Research Institute (WRRI) was authorized in July 1964 by the UNC Board of Governors as a multi-UNC campus Institute, and is one of 54 state water institutes authorized by the Federal Water Resources Research Act of 1964 to administer and promote federal/state partnerships in research and information transfer on water-related issues. In accordance with Federal regulations and NC State Regulation 10.10.04, the US Geological Survey initiated a Periodic review on March 28, 2014 of WRRI activities for the period 2008-2010. Following the receipt of the review team’s report, this memo requests your approval of the continuance of the Institute.

The Report delivered by the Review Committee strongly supports the mission and direction of the WRRI and shows that the Institute and its leadership are meeting Federal, NC State and Institute goals. Indeed, the review team stated “the WRRI has a strong program of research and information transfer” and approved the eligibility of the Institute for continued Federal funding. Two recommendations were proposed by the Review Committee, including an increased emphasis on submissions to peer-reviewed publications and greater support for junior faculty. The Institute and its Responsible Administrator (Office of Research, Innovation and Economic Development) endorse the recommendations offered by the Review Committee and will work towards these goals.

The Office of Research, Innovation and Economic Development and the Provost recommend that the WRRI should continue as a University Institute as sanctioned by the Board of Trustees and request your approval of this recommendation.

WRW/mh

cc: Jeff Cheek, Associate Vice Chancellor, Research Administration  
Jonathan Horowitz, Assistant Vice Chancellor for Research Development  
Larisa Slark, Coordinator – Centers and Institutes, SPARCS
STUDENT BODY PRESIDENT REPORT
SBP REPORT TO THE BOARD OF TRUSTEES
University Affairs Committee
February 19, 2014

"Life's most persistent and urgent question is, 'What are you doing for others?'"
- Martin Luther King, Jr.

National Initiatives

It's On Us
In conjunction with the White House, National Campus Leadership Council, and student body presidents from across the country, NC State Student Government is involved with the It's On Us campaign to prevent sexual assault and raise awareness on college campuses. The campaign launched in September, we released a PSA in October, and will host a campus conversation series in the coming weeks. Students, faculty, and staff will be encouraged to take a pledge to be part of the solution to end sexual assault on campus. NC State "It's On Us" PSA.

In 2015, we are taking the next steps in the program by combining existing sexual assault prevention efforts with It's On Us resources. Our primary focus is preventative advocacy and bystander intervention. Upcoming efforts include workshops for specific campus demographics (greek life, on-campus housing, etc.), a program partnership with Resident Advisors, new student education programs, and training for Student Government members. It's On Us is helping us unite campus efforts to prevent sexual assault.

Local, State, and National Governance
In late February, the Young Invincibles' Student Impact Project is hosting a national week of action to address rising college costs. On February 24, the group will host a Raleigh Day of Action for students to talk with lawmakers, rally for continued state investment in higher education, and ensure student voices are heard. Members of NC State Student Government have expressed interest in participating in the event. We are also working with the National Campus Leadership Council focusing on similar issues at a national level.

Presidential Leadership Summit
The National Campus Leadership Council is hosting its 4th annual Presidential Leadership Summit in Washington, D.C. in late May. The summit is a conference for incoming and outgoing student body presidents and addresses important national issues. Attendees participate in sessions at the White House and U.S. Chamber of Commerce focusing on issues such as campus sexual assault, college affordability, and mental health, among others. Student Government will work with my successor to ensure NC State is represented at the summit.
Student Life and Campus Events

Krispy Kreme Challenge
2400 calories, 12 doughnuts, 5 miles, 1 hour. The ultimate test of physical fitness and gastrointestinal fortitude is scheduled for February 14, 2015. The event was created by Park Scholars and is now in its 11th year. The race is the largest annual timed running event in North Carolina and the largest annual private contributor to the North Carolina Children’s Hospital. To date, the event has raised $758,000 for the hospital. 2015 numbers will be available at the Board meeting*.

*Report finalized prior to race date.

Service Raleigh
Established in 1998 by Park Scholars and Student Government, Service Raleigh is scheduled for March 28, 2015. The event is an annual day of service throughout Raleigh and Wake County and will host 2,000 volunteers. All board members are invited to participate and see NC State student service in action.

Wear Red Fridays
Student Government is conducting Wear Red Fridays that encourage the NC State community to wear red. On certain weeks, Student Government distributes prizes to students who wear red and spirit citations to those who fail to show their Wolfpack pride. We worked with University Communications to extend the impact of Wear Red Fridays. We are beginning conversations with the Division of Academic and Student Affairs to discuss strategic planning and the overlap of Wear Red Fridays and traditions.

Student Government Initiatives

Athletics
In partnership with NC State Athletics, Student Government is continuing to enhance student ticket policies. Our new mobile ticketing initiative is highly successful with over 60% of students selecting the mobile ticket option in the first year of this feature. We are partnering with the Alumni Association Student Ambassadors Program for a game watch in Talley Student Union on February 24 as the Pack takes on the Tar Heels. As baseball rolls around, we are working to include students in the team’s Road to Omaha.

Diversity Outreach
Student Government is working to engage students in an active dialogue about diversity on campus and across the nation. The discussion series, You, Me, We: It’s Time to Talk seeks to combine education, face to face conversation, and video programming. We will work with campus units to maximize the program’s reach and influence. Additionally, we are working on efforts to partner with triangle schools for an end of year diversity related program.
Government Relations
Members of Student Government are continuing to meet with members of the General Assembly about higher education issues. Several students are meeting with Mayor McFarlane to discuss educational programs involving students and Raleigh Police Department officers. I reached out to the City Council to better engage students in the Cameron Village and Hillsborough Street Small Area Plans re-visioning process. My goal is for the city to host a public interest meeting on campus, rather than at St. Mary’s (previous public meeting location).

Traditions
Student Government is finalizing *The Brick*, our comprehensive traditions guide for incoming students. We are working with the Graduate Student Association to better engage graduate students in the Tradition Keeper program. We are also working on a comprehensive “Traditions Week”, focusing on the history of NC State, the student experience, and possibly closing the week with a benefit concert for the Jimmy V foundation.

University Affairs
Student Government is working to collect student feedback through a University Dining survey. Students are concerned about price, quality, flexibility of meal plans, overall dining options, and food options for students with dietary restrictions. The general student opinion of University Dining is not as high as we would like it to be. Our goal is to take first steps to addressing this gap.

Wolfpack Pick Up
Student Government, in partnership with the Division of Academic and Student Affairs, officially launched Wolfpack Pick Up, a mobility impairment transportation service. The program was initiated in Spring 2014 by Student Government and is now a university owned and operated service. DASA owns two golf carts, one of which is wheelchair accessible, for Wolfpack Pick Up to transport students to and from class. We obtained a third golf cart and are working to expand the service to Centennial Campus.

Student Government Elections & Transition
Student Government moved up its elections by one month to allow additional time for transition and preparation (previously early April, now early March). My successor will be elected prior to spring break, and we will utilize March and April to transition in the new team. Our goal is to prepare the incoming team for a successful summer and a smooth shift into the academic year. I am confident the soon to be elected Student Body President will be an effective voice for the student body and contributing member of the Board.

Thank you for your continued service to the NC State Wolfpack. In the spirit and pride of the Pack,

Rusty Mau
Student Body President, 2014-2015

350 Harrelson Hall | Campus Box 7295
Raleigh, NC 27695-7318
ncsu.edu/sg | 828.399.1097 [c]
sbp@ncsu.edu | @Rusty_Mau
Management Flexibility Related Policies

UNC Policy 600.3.4 – Granting of Management Flexibility to Appoint and Fix Compensation

NCSU Policy 04.25.05 - Equal Opportunity and Non-Discrimination Policy

NCSU Policy 05.15.03 – Non-Salary and Deferred Compensation

NCSU Policy 05.20.01 – Appointment, Reappointment, Promotion and Permanent Tenure

NCSU Policy 05.55.01 – Search and Selection Procedures for Senior Academic and Administrative Officers (Tier I)

NCSU Policy 01.05.01 - Board of Trustees (BOT) Bylaws, Appendix 1, Section V

NCSU Policy 05.20.02 – Emeritus/Emerita Status for Faculty and Senior Administrators

NCSU Regulation 01.20.01 - Delegation of Authority, section 4.2
<table>
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<th>FINAL APPROVAL AUTHORITY</th>
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<td>Tenure or Tenure-Track</td>
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<td>_nc State PRR - Delegation of Authority to Appoint and to Determine Compensation for EPA Employees, REG 01.20.01, Section 2</td>
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<td>UNC-CA Chart on EPA Personnel Appointments and Position Establishment</td>
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<td>Appointment of a tenured faculty member to a BOG endowed professorship of distinction</td>
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<td>Setting the initial compensation for faculty members with permanent tenure</td>
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* Requires Dean, Director of Libraries, Vice Chancellor, Director of Athletics, Provost or Chancellor approval depending whose authority the employment falls under.

*Notations: ** Adjusted by BOT prior to being submitted to BOG for final approval.*
## Delegation of Authority for Actions on: **Non-Tenure Track Faculty**

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<td>Presid, Chancellor, BOT, President, BOG**</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
</tr>
<tr>
<td><strong>APPOINTMENT / REAPPOINTMENT</strong></td>
<td>Appointment/reappointment of an employee to a non-tenure track faculty appointment</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
<td>Presid, Chancellor, BOT, President, BOG**</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
</tr>
<tr>
<td><strong>CONFERMENT OF EMERITUS STATUS</strong></td>
<td>Conferment of emeritus faculty status</td>
<td>Chancellor</td>
<td>Presid, Chancellor, BOT, President, BOG**</td>
<td>Chancellor</td>
</tr>
<tr>
<td><strong>DISCONTINUATION OF APPOINTMENT</strong></td>
<td>Discontinuation of an 'at will' adjunct faculty appointment</td>
<td>Chancellor</td>
<td>Presid, Chancellor, BOT, President, BOG**</td>
<td>Chancellor</td>
</tr>
<tr>
<td><strong>SALARY RANGES &amp; SALARY ADJUSTMENTS</strong></td>
<td>Recommendation for a salary increase that would not result in a salary that is both at least 15% and at least $10,000 above the previous June 30 salary</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
<td>Chancellor, BOT, President, BOG**</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
</tr>
<tr>
<td><strong>SALARY RANGES &amp; SALARY ADJUSTMENTS</strong></td>
<td>Recommendation for a salary increase that would result in a salary that is both at least 15% and at least $10,000 above the previous June 30 salary</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
<td>Chancellor, BOT, President, BOG**</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
</tr>
<tr>
<td><strong>SALARY RANGES &amp; SALARY ADJUSTMENTS</strong></td>
<td>Setting the initial compensation for non-tenure track faculty members</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
<td>Chancellor, BOT, President, BOG**</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor</td>
</tr>
</tbody>
</table>

**Requires Dean, Director of Libraries, Vice Chancellor, Director of Athletics, Provost or Chancellor approval depending on whose authority the employment falls under.**

**All actions must be approved by BOT prior to being submitted to BOG for final approval.**

**The Chancellor has delegated authority to the Dean/Vice Chancellor for salary increases less than 15% and $10,000 of the previous June 30th salary. Authority for increases greater than or equal to 15% and at least $10,000 above the previous June 30th salary have not been delegated by the BOT/BOG, except for those approved by the President of the UNC system and funded through the Faculty Recruitment and Retention Fund.**

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## Delegation of Authority for Actions on: **SENIOR ACADEMIC & ADMINISTRATIVE OFFICERS (SAAO)**

<table>
<thead>
<tr>
<th>Type of Action</th>
<th>ACTION</th>
<th>FINAL APPROVAL AUTHORITY</th>
<th>Notification Issued By</th>
<th>Guiding Policy - Source Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESTABLISH POSITION</strong></td>
<td>Provost, Vice Chancellor and Deans (SAAO Tier I)</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor, Provost</td>
<td>Chancellor, BOT, President, BOG**</td>
<td>Chancellor, BOT, President, BOG**</td>
</tr>
<tr>
<td><strong>Directors of major administration, education, research and public service activities (SAAO Tier I)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assistant and associate vice chancellors, assistant and associate provosts, and assistant and associate deans, etc. (SAAO Tier II)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Members of the Chancellor's professional staff (SAAO Tier II)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Positions responsible for administrative direction of separately designated divisions or departments commonly associated with institutions of higher education (SAAO Tier III)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Positions who primary responsibility is to attract external funds and/or market the University (SAAO Tier II)</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

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**The BOT has delegated authority to the Provost for salary increases less than 15% and $10,000 of the previous June 30th salary. Authority for increases greater than or equal to 15% and at least $10,000 above the previous June 30th salary have not been delegated by the BOT/BOG, except for those approved by the President of the UNC system and funded through the Faculty Recruitment and Retention Fund.**

**The Chancellor has delegated authority to the Dean/Vice Chancellor for salary increases less than 15% and $10,000 of the previous June 30th salary. Authority for increases greater than or equal to 15% and at least $10,000 above the previous June 30th salary have not been delegated by the BOT/BOG, except for those approved by the President of the UNC system and funded through the Faculty Recruitment and Retention Fund.**
**APPPOINTMENT / REAPPOINTMENT**

- Appointment (but not tenure) and initial salary/promotion of a Dean (conferral of academic tenure requires BOT approval)  
  - UNC Policy Manual 100.1, Appendix I.A
  - UNC Policy Manual 600.3.4.C.2.c
- Appointment and initial salary/promotion of a Vice Chancellor  
  - UNC Policy Manual 100.1, Appendix I.A
  - UNC Policy Manual 600.3.4.C.1.a
- Appointment or reappointment to an SAAO Tier II position  
  - Dean/Dir Libraries, Vice Chancellor, Provost, or Chancellor  
  - UNC Policy Manual 300.1.1, section 3A

**DISCONTINUATION OF APPOINTMENT**

- Discontinuation of an "at will" EPA non-faculty appointment, including SAAO  
  - Provost  
  - UNC Policy Manual 300.2.1, Section 3.A

**CONFERRAL OF EMERITUS STATUS**

- Conferral of emeritus status to an individual with an SAAO Tier I or Tier II appointment at retirement  
  - Chancellor  
  - NC State PRR - Emeritus Faculty Status for Faculty and Senior Administrators, POL 05.20.02, Section 3.8

**SALARY RANGES & SALARY ADJUSTMENTS**

- Recommendation for a salary increase that would not result in a salary that is both at least 15% and at least $10,000 above the previous June 30 salary  
  - Dean/Dir Libraries, Dir Athletics, Vice Chancellor, Provost or Chancellor  
  - NC State PRR - Delegations of Authority to Appoint and to Determine Compensation for Employees Exempt from the State Personnel Act (EPA), REG 01.20.01, sections 4.2.1.c and 4.2.2.a and 4.2.3.c
- Recommendation for a salary increase that would result in a salary that is both at least 15% and at least $10,000 above the previous June 30 salary  
  - Chancellor  
  - NC State PRR - Board of Trustees (BOT) Bylaws, Pol 01.05.01, Appendix I (V) (a) (ii)
- Establishment of SAAO salary ranges  
  - Chancellor  
  - UNC Policy Manual 100.1, Appendix I.A.1
- Recommendation for a salary increase that results in exceeding SAAO Tier I salary ranges  
  - Chancellor  
  - UNC Policy Manual 200.6, Section A.1.c
- Recommendation for a salary increase that results in exceeding SAAO Tier II salary ranges  
  - Chancellor  
  - UNC Policy Manual 600.3.4.C.2.c

**Delegation of Authority for Actions on: Academic Department Heads and EPA Professional (Non-Faculty)**

<table>
<thead>
<tr>
<th>Type of Action</th>
<th>ACTION</th>
<th>FINAL APPROVAL AUTHORITY</th>
<th>Notification Issued By</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTABLISH POSITION</td>
<td>Instructional, Research, and Public Service (IRPS) EPA Professional (non-faculty)</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor, Provost</td>
<td>Provost, Vice Chancellors, Deans, Dir Libraries, Dir Athletics, or Chancellor</td>
</tr>
<tr>
<td></td>
<td>Physicians, Dentists, and Veterinarians</td>
<td>Dean/Dir Libraries, Dir of Athletics, Vice Chancellor, Provost</td>
<td>Provost, Vice Chancellors, Deans, Dir Libraries, Dir Athletics, or Chancellor</td>
</tr>
</tbody>
</table>

**Notes:**

- *Requires Dean, Director of Libraries, Vice Chancellor, Director of Athletics, Provost or Chancellor approval depending upon the authority the employment falls under.
- **All actions must be approved by BOT prior to being submitted to BOG for final approval.
- ***The BOT has delegated authority to the Provost/Vice Chancellor for salary increases less than 15% and $10,000 of the previous June 30th salary. Authority for increases greater than or equal to 15% and at least $10,000 above the previous June 30th salary have not been delegated by the BOT/BOG.
<table>
<thead>
<tr>
<th><strong>APPOINTMENT / CONTRACT EXTENSION</strong></th>
<th>Dean</th>
<th>Chancellor</th>
<th>Provost, Vice Chancellors, Deans, Dir Libraries, Dir Athletics or Chancellor</th>
<th>NC State PRR - Delegation of Authority, REG 01.20.01, section 2.1.4</th>
<th>UNC Policy Manual 1100.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointment as an academic department head</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>NC State PRR - Board of Trustees (BOT) Bylaws, Pol 01.05.01, Appendix I (Vi) (a) (x)</td>
<td>UNC Policy Manual 1100.3</td>
</tr>
<tr>
<td>Appointment or contract extension as director of athletics</td>
<td>X</td>
<td>Chancellor</td>
<td>X</td>
<td>NC State PRR - Board of Trustees (BOT) Bylaws, Pol 01.05.01, Appendix I (Vi) (a) (x)</td>
<td>UNC Policy Manual 1100.3</td>
</tr>
<tr>
<td>Appointment or contract extension of a head coach</td>
<td>X</td>
<td>Chancellor</td>
<td>Provost, Vice Chancellors, Deans, Dir Libraries, Dir Athletics or Chancellor</td>
<td>NC State PRR - Delegation of Authority, REG 01.20.01, Section 3</td>
<td>UNC Policy Manual 1100.3</td>
</tr>
<tr>
<td>Appointment as an EPA Professional (non-faculty)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PROMOTION</strong></th>
<th>Dean</th>
<th>Provost, Vice Chancellors, Deans, Dir Libraries, Dir Athletics or Chancellor</th>
<th>NC State PRR - Delegation of Authority, REG 01.20.01, Section 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of an EPA Professional (non-faculty)</td>
<td>X</td>
<td>X</td>
<td>NC State PRR - Delegation of Authority, REG 01.20.01, Section 3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>DISCONTINUATION</strong></th>
<th>Dean</th>
<th>Provost</th>
<th>UNC Policy Manual 300.2.1, Section 3.A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discontinuation of an &quot;at will&quot; EPA Professional (non-faculty) appointment</td>
<td>X</td>
<td>Provost</td>
<td>NC State PRR - Delegation of Authority to Appoint and Determine Compensation for Employees Exempt from the State Personnel Act (EPA), REG 01.20.01, Sections 4.2.1.d and 4.2.2.b and 4.2.3.b</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SALARY RANGES &amp; SALARY ADJUSTMENTS</strong></th>
<th>Dean</th>
<th>Provost, Vice Chancellors, Deans, Dir Libraries, Dir Athletics or Chancellor</th>
<th>NC State PRR - Board of Trustees (BOT) Bylaws, Pol 01.05.01, Appendix I (Vi) (a) (x)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation for a salary increase that would not result in a salary that is both at least 15% and at least $10,000 above the previous June 30 salary*</td>
<td>X</td>
<td>X</td>
<td>NC State PRR - Board of Trustees (BOT) Bylaws, Pol 01.05.01, Appendix I (Vi) (a) (x)</td>
</tr>
<tr>
<td>Recommendation for a salary increase that would result in a salary that is both at least 15% and at least $10,000 above the previous June 30 salary*</td>
<td>X</td>
<td>Chancellors</td>
<td>NC State PRR - Delegation of Authority to Appoint and Determine Compensation for EPA Employees, REG 01.20.01, Section 2</td>
</tr>
<tr>
<td>Setting the initial compensation for EPA Professional (non-faculty)</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

*Requests Dean, Director of Libraries, Vice Chancellor, Director of Athletics, Provost or Chancellor approval depending whose authority the employment falls under.
**All actions must be approved by BOT prior to being submitted to BOG for final approval.
***The BOT has delegated authority to the Provost/Vice Chancellor for salary increases less than 15% and $10,000 of the previous June 30th salary. Authority for increases greater than or equal to 15% and at least $10,000 above the previous June 30th salary have not been delegated by the BOT/BOG.

The Delegation of Authority Regulation can be found at: http://www.ncsu.edu/policies/governance_adm/delegation_authority/REG01.20.1.php

Last revised 11/04/2014
PROVOST UPDATE
NC State University (NC State) invites applications and nominations for the position of Dean, College of Sciences. Reporting to the Provost and Executive Vice Chancellor, the Dean will serve as the chief academic, administrative, and budgetary officer of the College. The Dean is the spokesperson for the College and will further the mission of the University by expanding resources through focused fundraising efforts; strengthening regional, national, and global connections; and building collaborations both within the college and across the University. The Dean will be responsible for enhancing and invigorating academic programs, inspiring faculty, staff, and students, and creating synergy among the disciplines. The Dean will also work with faculty to articulate a shared vision of excellence within the College with a focus on innovative program development that supports the University’s overall strategic priorities.

Successful candidates will possess a doctoral degree and credentials to support the rank of Professor with tenure in an appropriate academic unit; a distinguished record of teaching, research, and progressive leadership experience; and a strong record of relevant administrative experience. He/she will bring innovative thinking coupled with proven managerial and fundraising skills gained in a comparable first-tier institution of higher education.

Founded in 1887, NC State is a research-extensive university in the land-grant tradition and is globally recognized for its state of the art programs and facilities in science, technology, engineering, and mathematics. The College of Sciences enhances the natural synergies between science programs and promotes interdisciplinary collaboration and research. Launched in 2013, the College combined the former College of Physical and Mathematical Sciences with a number of biological sciences programs formerly housed in the College of Agriculture and Life Sciences. Comprised of six academic departments: Biological Sciences, Chemistry, Marine, Earth and Atmospheric Sciences, Mathematics, Physics, and Statistics, the College has a diverse population with 4,000 undergraduate and graduate students, approximately 325 full-time faculty members, 90 post-docs, and over 215 staff. The departments are ranked among the nation’s best in their fields with many faculty members considered international leaders in their disciplines.

Recruitment will continue until the position is filled. For fullest consideration, candidates should provide a cover letter, curriculum vitae and the names and contact information of five references by February 18, 2015, sent to Manny Berger and Terryl Holzinger at Witt/Kieffer via email to NCSUDeanCOS@wittkieffer.com. The consultants may also be reached at (949) 797-3540.

NC State University is an equal opportunity and affirmative action employer. NC State welcomes the opportunity to work with candidates to identify suitable employment opportunities for spouses or partners.
Report from the Chair of the NC State Faculty to the North Carolina State University Board of Trustees, submitted January 30th, 2015

The Faculty Senate has spent the winter discussing a number of important issues relating to our work as teachers, researchers, and engaged scholars serving the citizens of North Carolina and beyond. In the final meetings of last semester, Vice Chancellor Mike Mullen and Registrar Louis Hunt discussed the many factors affecting undergraduate student retention and success on campus. Associate Vice Provost Carrie Zelna solicited input for making our annual Convocation a true introduction to the community of teachers and learners that is NC State. Vice Chancellor Brian Sischo briefed the Senate on progress of the Capital Campaign. And Vice Provost Duane Larick returned for a further discussion of how to reform and sustain the Graduate Student Support Program, which is essential for recruiting and retaining the best graduate students that advance our mission as a research university.

This spring semester the Faculty Senate has discussed revisions to the state’s Public Records Law that protect faculty research, the new First Year Program in Life Sciences, and new initiatives in the Office of Institutional Research and Planning. At the most recent meeting, Senators heard from Vice Provost Margery Overton about the implementation of the Strategic Plan, and met the new Faculty Ombuds Roy Baroff—thanks to the Chancellor and Provost for support the Ombuds office, an idea which was first proposed literally forty years ago! The next meeting will hear from the new Dean of the Graduate School Maureen Grasso.

Later this spring, the General Faculty Meeting will focus on foundations and how they support the university’s mission. Faculty are especially interested in learning how foundations establish fundraising and spending priorities, and what role faculty might play in making those strategic decisions to advance the university’s teaching and research goals.
Finally, both the Faculty Senate and colleagues across the campus remain concerned with the recent decision of the UNC System’s Board of Governors (BOG) to replace President Tom Ross. Faculty are especially troubled that the BOG has offered little in the way of substantive explanation as to why they are removing a president whom they acknowledge has done an exemplary job of leading the system. There is little indication of the BOG’s vision for the future so there is little understanding of what they will seek in a new president—we can only hope that they will find another tireless advocate for what is acknowledged across the county and the world as one of the premier public university systems.

The faculty know that this Board of Trustees has no role in BOG’s decisions, but we also know that this Board in composed of women and men who are tireless supporters of NC State and will do all they can to ensure its future success with the strong leadership we have and hopefully the resources we need to continue to be a leading land grant university.

Respectfully Submitted:

David A. Zonderman

Professor of History/Interim Department Head

Chair of the NC State Faculty
BOARD OF TRUSTEES REPORT
NCSU STAFF SENATE, CHAIR

January 26, 2015

Honorable Trustees:

The NC State Staff Senate is continuing to have a banner year full of exciting activities. The Staff Senate this year strives to better serve, promote, educate, motivate and initiate opportunities for the diverse and richly talented staff at North Carolina State University. We are thus engaged in many endeavors both old and new as we move into the winter season.

The Staff Senate continues to participate in various service projects. After a successful Bountiful Harvest Food Drive in October, the Staff Senate’s Toys for Tots Drive sponsored in partnership with the United States Marines followed. The drive which ran from November 10th to December 15th was especially successful this year. Items were collected for needy children from ages 1-13 in time for the holidays. The Hands and Feet Community Service committee participated in the 9th Annual Meals Packing Event sponsored in conjunction with Stop Hunger Now. The event, held on campus on November 21, paired students, staff and faculty in packaging meals for the hungry. In late February, the Staff Senate’s community service committee will also launch a book drive for orphanages and local hospitals. The Staff Senate Committee on the Arts is currently working on a project with a group of young Park Scholars to develop instrumental music lessons for the children of lower income NC State staff members. The Staff Senate is also in conversations with the University Sustainability Office to create a University Staff Stewards program. If established, the program will serve to enhance staff involvement in the area of sustainability and greater respect for our natural environment. Lastly, during the Spring Break, the Staff Senate Human Resources committee plans to kick off an outreach program whose intent is to foster closer ties and better communications with Extension Service employees.

The NC State Staff Senate continues to promote education through Lunch-n-Learn and Webinar programs. Some of the topics include: November 17, A Woman’s Guide to Saving, January 21: Secrets from the North Pole with a special visit and presentation by the Old North Elf, and January 28, How to Make a Habit of Success. From February to April, in partnership with the Confucius Center, the mini course, A Taste of Chinese will be offered. The concise course will give staff and faculty an opportunity to learn more about Chinese culture and language. Ms. Yang from the Confucius Center will be the teacher. The fee is $80.

At our December meeting for the first time, the Staff Senate had a Winter Reception for all Senators. Donated lunch of sandwiches, fruit salad, chips with punch and sheet cake was provided. Senators who were nominated by their Committee Chairs also received the first time, the “Head of the Pack” Certificates for extra efforts on behalf of the NC State Staff Senate. On January 10, once again, with the Athletic Department, the Office of Institutional Equity and Diversity, and the NC State Staff Senate sponsored a special Employee Appreciation Event for staff, faculty and their families. The event was held during the NC State vs Clemson Women’s
Basketball game. Prizes given to guests included a signed basketball from Coach Moore, a signed football from Coach Doeren, game tickets for NCSU men vs VA and the for the Women’s game: NCSU vs UNC. Free pizza, drinks and snacks were provided. A play zone for the children was also available and a Wolf backdrop for families to take pictures was also included. A highlight of the event was a halftime scrimmage between two teams of staff from Facilities Operations. The Mean Green Machine representing landscape services took on the Renovators from renovation and repair services. The Renovators won by 1.

The Staff Senate’s Town Hall initiatives are very successful. On November 24, Dr. Michael Mullen held a Town Hall for the Division of Academic and Student Affairs (DASA). He discussed the Strategic Plan of DASA and answered questions provided by Staff. The Chair of the Staff Senate recognized the Staff in the District, talked about the programs of the Staff Senate and encouraged staff to run in Staff Senate elections. On January 6, the College of Agriculture and Life Sciences had a Staff Forum. Dean Richard Linton also discussed the Strategic Plan of CALS and answered with his staff the questions from Staff members. He introduced all of the Senators in the CALS district and the Chair of the Staff Senate provided some further insight into both the work of the Staff Senate but also the key roles that CALS Staff Senators are playing. Dean Daniel Solomon and the College of Science Town Hall is slated for February 4; the College of Humanities and Social Sciences’ Town Hall will be held on February 5th. Town Halls are now also being planned for the School of Design, the College of Management and the College of Textiles.

The Staff Senate continues to have excellent speakers in our chambers. In December, Dr. Karen Young, College of Humanities and Social Science, Assistant Dean and Director of Undergraduate Programs along with Dr. Erin Robinson, Office of Faculty Development-Assistant Director gave a special presentation on Injecting Happiness into your day. Highlights included: Shawn Achor-Ted Talk, 24 Hours of Happy and Tips for Happiness. At our January meeting, we had two guests: Dr. Nancy Whelchel, Director of Survey Research for Institutional Research and Planning, who provided the Staff Senate with an update of the latest Staff Wellbeing Survey. Police Chief Moorman also shared safety tips and updates on the partnership between students, faculty, staff and the NC State Police Department. Transportation Director Catherine Reeve will visit the Senate during the February meeting.

The Staff Senate is continuing to make a difference this year: serving, promoting education, motivating staff and enthusiastically initiating new programs, for the betterment of all of NC State.

Respectfully submitted,

Robert L. Davis
Chair, NCSU Staff Senate
2014-15