

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 28, 2026

**NEW ISSUE
BOOK-ENTRY ONLY**

**Ratings: Moody's: Aa3
S&P: AA-**

See "RATINGS" herein

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law, (1) assuming compliance by the Board and the University with certain requirements of the Internal Revenue Code of 1986 (the "Code"), as amended, interest on the 2026 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2026 Bonds is exempt from State of North Carolina income taxation. See "TAX TREATMENT" herein.



\$34,335,000*
EAST CAROLINA UNIVERSITY
GENERAL REVENUE BONDS, SERIES 2026
of

THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA

Dated: Date of Delivery

Due: October 1, as shown on the inside cover

East Carolina University General Revenue Bonds, Series 2026 (the "2026 Bonds") are limited obligations of the Board of Governors of The University of North Carolina (the "Board"), payable solely from Available Funds (as defined herein) of East Carolina University (the "University"). THE 2026 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF NORTH CAROLINA OR OF ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NORTH CAROLINA OR OF ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2026 BONDS.

Interest on the 2026 Bonds is payable on each April 1 and October 1, commencing October 1, 2026. Principal and redemption price of, and interest on, the 2026 Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee (the "Trustee") to Cede & Co. as nominee for DTC. The 2026 Bonds are subject to redemption before their maturities as set forth herein. The 2026 Bonds are being issued to provide funds to finance projects of the University, refund prior bonds issued by the Board on behalf of the University and pay the costs of issuing the 2026 Bonds. The 2026 Bonds will be issued under and secured by a General Trust Indenture dated as of June 1, 2003 between the Board and the Trustee and Series Indenture, Number 21 dated as of May 1, 2026 between the Board and the Trustee.

The 2026 Bonds are offered when, as and if issued and accepted by the underwriter, subject to prior sale, modification or withdrawal of the offer without notice, and subject to the approval of validity and certain other matters by Parker Poe Adams & Bernstein LLP. Certain legal matters will be passed on for the Board and for the University by or on behalf of Hon. Jeffrey Jackson, Attorney General of the State of North Carolina. First Tryon Advisors is serving as financial advisor to the University in connection with the issuance and sale of the 2026 Bonds. It is expected that delivery of the 2026 Bonds will be made on or about May 28, 2026, through the facilities of DTC against payment therefor. See Appendix E, "BOOK-ENTRY ONLY SYSTEM".

May __, 2026

* Preliminary; subject to change.

MATURITY SCHEDULE*
(BASE CUSIP NUMBER 271371)¹

\$34,335,000* SERIAL 2026 BONDS

DUE OCTOBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP No. ¹	DUE OCTOBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP No. ¹
2027	\$4,020,000				2042	\$ 605,000			
2028	4,225,000				2043	635,000			
2029	4,450,000				2044	670,000			
2030	4,675,000				2045	705,000			
2031	350,000				2046	740,000			
2032	365,000				2047	775,000			
2033	385,000				2048	815,000			
2034	405,000				2049	860,000			
2035	425,000				2050	905,000			
2036	450,000				2051	950,000			
2037	470,000				2052	1,000,000			
2038	495,000				2053	1,050,000			
2039	520,000				2054	1,105,000			
2040	550,000				2055	1,160,000			
2041	575,000								

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* Preliminary; subject to change.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2026 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2026 Bonds implies that the information herein is correct as of any date subsequent to the date hereof.

The information contained herein has been obtained from sources believed to be reliable and is in form deemed final by the Board for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

Neither the 2026 Bonds nor the Indentures (as hereinafter defined) have been registered or qualified with the Securities and Exchange Commission. The registration or qualification of the 2026 Bonds and the Indentures in accordance with applicable provisions of securities laws of the states in which the 2026 Bonds have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2026 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Board since the date hereof.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE BOARD NOR THE UNIVERSITY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

Relating to

\$34,335,000*

***East Carolina University
General Revenue Bonds, Series 2026***

of

The Board of Governors of the University of North Carolina

The purpose of this Official Statement, which includes the appendices hereto, is to furnish information in connection with the sale by the Board of Governors (the “*Board*”) of the University of North Carolina of \$34,335,000* aggregate principal amount of East Carolina University General Revenue Bonds, Series 2026 (the “*2026 Bonds*”).

INTRODUCTION

The 2026 Bonds will be issued under and secured by a General Trust Indenture dated as of June 1, 2003 (the “*General Indenture*”) between the Board and U.S. Bank Trust Company, National Association, as successor trustee (the “*Trustee*”) and Series Indenture, Number 21 dated as of May 1, 2026 between the Board and the Trustee (the “*Twenty First Series Indenture*,” and collectively with the General Indenture, the “*Indentures*”) and the Constitution and laws of the State of North Carolina (the “*State*”), including Section 116D-21 et. seq. of the General Statutes of North Carolina (the “*Act*”).

THE 2026 BONDS

The 2026 Bonds are being issued on behalf of East Carolina University (the “*University*” or “*ECU*”) to finance all or a portion of the costs of the comprehensive renovation of Jones Residence Hall on the University’s campus, to refund all or a portion of East Carolina University General Revenue Bonds, Series 2016A (the “*2016A Bonds*”) and pay certain costs incurred in connection with the issuance of the 2026 Bonds. See “**THE PLAN OF FINANCE**” herein.

LIMITED OBLIGATIONS

The 2026 Bonds are limited obligations of the Board, payable solely from Available Funds. Debt payable from the University’s Available Funds (the “*Existing Available Funds Obligations*”), has been issued prior to the date of issuance of the 2026 Bonds. See the caption “**PRINCIPAL AND INTEREST REQUIREMENTS FOR UNIVERSITY DEBT**” herein. Additional bonds (the “*Bonds*”) payable solely from Available Funds may be issued under the General Indenture, under the conditions and limitations set forth therein and as described under “**SECURITY FOR THE 2026 BONDS—ADDITIONAL INDEBTEDNESS**” herein.

* Preliminary; subject to change.

The 2026 Bonds do not constitute a debt or liability of the State or of any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or of any political subdivision or instrumentality thereof is pledged for the payment of the principal of, or interest on the 2026 Bonds. The 2026 Bonds do not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any taxes whatsoever therefor.

BONDHOLDER RISKS

Certain external events beyond the control of the Board and the University, such as pandemics and other public health issues, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the University's ability to conduct its operations.

There are a number of factors affecting institutions of higher education, including the University, that could have an adverse effect on the University's financial position and its ability to pay debt service on its bonds. Without intending to limit the generality of the foregoing, these factors include: demographic trends; competition from other educational institutions; an economic downturn; shortfalls in sources of University revenue other than tuition and fees, such as fundraising campaigns and other general donor contributions, grants or appropriations from governmental agencies (including changes in federally guaranteed student financial aid programs), private sponsors; changes in college athletics and associated revenue streams; a decrease in student loan opportunities that may impact enrollment; investment losses in endowment and other funds; losses not covered by insurance; increasing costs of compliance with governmental regulations, and costs of compliance with the changes in such regulations; and future legislation, regulatory, and judicial or administrative determinations affecting conditions that are unpredictable.

Federal policies, regulations and laws with respect to federal grants, the debt ceiling, taxes, trade and other topics are subject to change based on legislative and executive branch priorities. Examples include reductions in federal funding for research through direct and indirect costs. Federal funding, including federal research funding, is subject to federal legislative action, including through the federal budget process and sequestration. Budgetary acts, including sequestration, could continue to affect the availability of federal funds. Executive actions, including actions seeking to pause, reduce, eliminate or reallocate federal grant, loan and other financial assistance, also could affect the availability of federal funds. Proposed and potential federal legislative and executive actions and initiatives could impact the University, its operations and its financial condition. See "**Management's Discussion and Response to Certain Federal Proposals**" in Appendix A hereto.

All or a portion of interest on the 2026 Bonds could become subject to federal income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest.

See also "**Cybersecurity**" in APPENDIX A hereto.

ADDITIONAL INFORMATION

This Official Statement includes financial and other information about the Board and East Carolina University and also contains descriptions of the 2026 Bonds and the Indentures. Capitalized terms used herein are defined in Appendix C hereto or in the Indentures. All references herein to the General Indenture, the Twenty First Series Indenture, the 2026 Bonds and other documents and agreements are qualified in their entirety by reference to such documents and agreements, which may be obtained on (1) written request to the University's Vice Chancellor for Administration and Finance, Office of Administration and Finance, Mail Stop 201, 106 Spilman Building, East Fifth Street, Greenville, North Carolina 27858, Attention: Vice Chancellor for Administration and Finance and (2) payment of duplicating costs.

The Board has agreed to provide, or cause the University to provide, continuing disclosure of annual financial information and operating data and material events regarding the 2026 Bonds. See **"CONTINUING DISCLOSURE OBLIGATION"** herein.

If the purchaser of the 2026 Bonds elects to obtain bond insurance for the 2026 Bonds, the Board will, upon the purchaser's request, include in the Final Official Statement the bond insurer's standard language about the bond insurer and the bond insurance policy; however, the Board and the University will disclaim any representation as to the accuracy of such language. The Board will not agree to any additional terms or provisions in the documents for the 2026 Bonds.

PROFESSIONALS

Parker Poe Adams & Bernstein LLP is Bond Counsel, and will submit its approving opinion with regard to the legality of the 2026 Bonds. First Tryon Advisors is serving as financial advisor to the University in connection with the issuance and sale of the 2026 Bonds. U.S. Bank Trust Company, National Association, through its corporate trust office in Charlotte, North Carolina, will serve as trustee, paying agent and registrar (in such capacities, the "*Trustee*," the "*Paying Agent*" and the "*Registrar*") for the 2026 Bonds.

SECURITY FOR THE 2026 BONDS

GENERAL

The 2026 Bonds are payable from Available Funds of the University or the Board. "*Available Funds*" is defined in the General Indenture as any legally available funds of the University, or the Board held for the University, in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by University students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law. The Available Funds are not pledged to the Trustee, but rather are the source from which principal and interest on the Bonds will be paid.

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The amount of Available Funds, using the definition above, for the fiscal years ended June 30, 2021 through June 30, 2025 is set forth below.

**AVAILABLE FUNDS
For the Fiscal Year Ended June 30**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Beginning Unrestricted Fund Balance	\$ (864,529,806)	\$ (777,943,259)	\$ (617,135,340)	\$ (461,792,285)	\$ (410,066,798)
Plus: Total Operating Revenue	521,229,921	583,745,873	602,755,899	627,838,585	659,384,569
Plus: GASB 34 Presentation Adjustments	22,326,764	26,826,586	29,062,236	28,720,497	28,724,586
Less: Tuition & Fee Revenues	(180,793,966)	(186,784,895)	(187,546,252)	(190,023,546)	(175,229,218)
Less: Grants and Contracts	<u>(58,857,573)</u>	<u>(65,676,437)</u>	<u>(69,802,646)</u>	<u>(74,693,289)</u>	<u>(75,693,476)</u>
Unrestricted Operating Revenue	(560,624,660)	(419,832,132)	(242,666,103)	(69,950,038)	27,119,663
Unrestricted and Auxiliary Investment Income	1,132,039	633,483	7,084,376	14,759,049	17,268,618
Surplus Sales	115,465	290,884	178,596	172,514	182,450
GASB 68 and GASB 75 adjustments to Unrestricted Net Position*	<u>1,085,669,606</u>	<u>1,031,340,553</u>	<u>937,612,212</u>	<u>812,260,383</u>	<u>776,712,264</u>
Total Available Funds	<u>\$ 526,292,450</u>	<u>\$ 612,432,788</u>	<u>\$ 702,209,081</u>	<u>\$ 757,241,908</u>	<u>\$ 821,282,995</u>
GASB 34 Presentation Adjustments					
Internal Sales Elimination	12,908,513	16,030,257	16,864,011	16,652,206	17,234,275
Grant Indirect Cost Elimination	<u>9,418,251</u>	<u>10,796,329</u>	<u>12,198,225</u>	<u>12,068,291</u>	<u>11,490,311</u>
Total GASB34 Adjustments	<u>\$ 22,326,764</u>	<u>\$ 26,826,586</u>	<u>\$ 29,062,236</u>	<u>\$ 28,720,497</u>	<u>\$ 28,724,586</u>

*Revised presentation to include GASB 68 & GASB 75 adjustments to Unrestricted Net Position.

The estimated debt service on the Bonds, including the 2026 Bonds, is set forth under “**PRINCIPAL AND INTEREST REQUIREMENTS FOR UNIVERSITY DEBT**” herein.

ADDITIONAL INDEBTEDNESS

Under the terms of the General Indenture, neither the Board nor the University will issue:

(1) any other obligations under any bond resolution, trust indenture or other financing document which authorizes the issuance of debt obligations secured by revenues or net revenues from any University enterprise,

(2) any Bonds, except on the conditions and in the manner provided in the General Indenture,

(3) any other obligations, payable from Available Funds, unless (A) such obligations constitute Subordinate Indebtedness or Other Indebtedness, or (B)(i) such obligations are payable on a parity basis with the Bonds and (ii) the largest of the sums obtained for any Fiscal Year after totaling for each Fiscal Year the Principal and Interest Requirements on Other Indebtedness, the Principal and Interest Requirements on Subordinate Indebtedness and the Principal and Interest Requirements on parity obligations other than the Bonds (including the additional obligations to be issued), calculated in the manner that the Principal and Interest Requirements on the Bonds is calculated, does not exceed 10% of Available Funds in the most recent Fiscal Year for which audited financial statements of the University are available, or

(4) any obligations other than those described in clauses (1), (2) or (3), unless they are payable from a source other than Available Funds.

DESCRIPTION OF THE 2026 BONDS

GENERAL

The 2026 Bonds will be issuable in denominations of \$5,000 or integral multiples thereof (“*Authorized Denominations*”), and will be dated and bear interest from their dated date. The 2026 Bonds will bear interest (payable on each April 1 and October 1, commencing October 1, 2026) at the interest rates and will mature on the dates set forth on the inside cover page of this Official Statement.

The 2026 Bonds are payable at the corporate trust office of the Trustee in Charlotte, North Carolina, or other designated office, on presentation and surrender thereof. Interest on the 2026 Bonds will be paid, except as otherwise provided herein, by the Trustee by check or draft mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by the Registrar at the close of business on the 15th day of the month preceding each Interest Payment Date (the “*Record Date*”). At the written request of any Owner of at least \$1,000,000 in aggregate principal amount of the 2026 Bonds and while a book-entry system is in place with respect to the 2026 Bonds, principal and interest may be payable by wire transfer at the address specified in writing by such Owner by the Record Date.

Additional information about the 2026 Bonds and the Indentures is provided in Appendix C attached hereto and made a part hereof.

BOOK-ENTRY-ONLY FORM

The 2026 Bonds will be delivered initially only in book-entry form and, when delivered, will be registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of The Depository Trust Company (“*DTC*”), as nominee of DTC. DTC will act as the initial Securities Depository for the 2026 Bonds. For information concerning the book-entry-only system, see Appendix E hereto, “**BOOK-ENTRY-ONLY SYSTEM.**”

REDEMPTION

Optional Redemption. The 2026 Bonds maturing on or before October 1, 2034 are not subject to optional redemption before their maturities. The 2026 Bonds maturing on and after October 1, 2035 may be redeemed before their maturities, at the written direction of the Vice Chancellor, from any funds that may be available for such purpose, in whole or in part on or after October 1, 2034. The 2026 Bonds called for redemption will be redeemed at 100% of the principal amount of the 2026 Bonds to be so redeemed plus accrued interest to the redemption date.

Notice of Redemption. The Trustee will give notice of redemption by Electronic Means, by Mail, or by such other means as permitted by the rules and procedures of the addressee not less than 30 nor more than 60 days before the date of redemption (or as long as the Securities Depository is the owner of the 2026 Bonds, such shorter time as may be permitted by such Securities Depository’s rules and procedures) (1) to each Owner of a 2026 Bond to be redeemed at the address shown on the registration books of the Registrar, and (2) to the Municipal Securities Rulemaking Board. The notice of redemption shall state (a) the redemption date; (b) the Redemption Price; (c) the numbers of the 2026 Bonds to be redeemed (or other identifier) unless all of the outstanding 2026 Bonds are redeemed; (d) the principal portion thereof to be redeemed; and (e) that interest on the principal portion of the 2026 Bonds designated for redemption shall cease to accrue from and after the redemption date and that on the redemption date there shall become due and payable on each of such 2026 Bonds the Redemption Price.

If at the time of mailing of the notice of redemption there is not on deposit with the Trustee money sufficient to redeem the 2026 Bonds called for redemption, such notice may state that it is conditional on the deposit of the redemption money with the Trustee on the date of redemption as set forth in the notice.

Any notice, once given, may be withdrawn or modified by notice delivered in the same manner as the notice of redemption was given, on receipt by the Trustee of written instructions from the Board with respect to such withdrawal or modification.

Selection of 2026 Bonds for Redemption. In the case of any partial redemption of 2026 Bonds, the Board will select the maturity or maturities of 2026 Bonds to be redeemed, and DTC will select the 2026 Bonds within the appropriate maturity or maturities to be redeemed pursuant to its rules and procedures, or if the book-entry system with DTC or any other securities depository has been discontinued, the Trustee will select the 2026 Bonds within the appropriate maturity or maturities to be redeemed by lot in such manner as the Trustee in its discretion may deem proper.

2026 Bonds may be redeemed in part only in Authorized Denominations.

Effect of Call for Redemption. 2026 Bonds called for redemption are due and payable on the redemption date at the Redemption Price. If money sufficient to pay the Redemption Price of the 2026 Bonds to be redeemed are held by the Trustee, 2026 Bonds or portions thereof thus called and provided for will not bear interest after such redemption date and will not be considered to be Outstanding or to have any other rights under the General Indenture and the Ninth Series Indenture other than the right to receive payment. No payment of principal will be made by the Trustee on any 2026 Bonds or portions thereof called for redemption until such 2026 Bonds or portions thereof have been delivered for payment or cancellation or the Trustee has received the items required by the General Indenture with respect to any mutilated, lost, stolen or destroyed 2026 Bonds.

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PRINCIPAL AND INTEREST REQUIREMENTS FOR UNIVERSITY DEBT

As of June 30, 2025, the University had \$340,115,000 debt principal outstanding payable from Available Funds. The following table sets forth for each respective fiscal year the estimated amounts required in such year for the payment of principal of and interest on Bonds to be outstanding after issuance of the 2026 Bonds.

FISCAL YEAR ENDING JUNE 30	DEBT SERVICE ON EXISTING PARITY OBLIGATIONS ¹	2026 BONDS		TOTAL DEBT SERVICE
		PRINCIPAL	INTEREST	
2026	\$26,801,774			
2027	26,335,103			
2028	26,558,219			
2029	26,538,988			
2030	26,561,376			
2031	24,522,569			
2032	23,747,725			
2033	23,731,823			
2034	23,731,230			
2035	21,822,400			
2036	19,516,767			
2037	18,686,764			
2038	18,688,107			
2039	18,691,656			
2040	18,703,750			
2041	18,686,812			
2042	18,486,961			
2043	18,477,418			
2044	18,479,430			
2045	15,375,238			
2046	13,683,688			
2047	6,346,263			
2048	6,345,200			
2049	2,100,919			
2050	2,099,675			
2051	2,099,188			
2052	2,100,213			
2053	2,097,638			
2054	2,096,350			
2055	2,096,125			
2056	-			
TOTAL	\$475,209,369			

¹For purposes of the Preliminary Official Statement, the debt service on the 2016A Bonds to be refunded is included.

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THE PLAN OF FINANCE

The University was authorized for \$60,000,000 for the comprehensive renovation of Jones Hall and Legacy Hall on its campus. In May 2025, the University issued its \$33,940,000 General Revenue Bonds, Series 2025 to finance the renovation of Legacy Hall and to provide funds for planning costs and, to the extent proceeds were available, other costs of the comprehensive renovation of Jones Hall. The 2026 Bonds are being issued to finance the completion of the renovations to Jones Hall and to pay certain costs incurred in connection with the issuance of the 2026 Bonds. The proceeds of the 2026 Bonds may also be used for any other projects at the University approved by the Board in the future.

The 2016A Bonds to be refunded (the “*Refunded 2016A Bonds*”) will be paid within 90 days of the closing date (the “*Redemption Date*”) at a price equal to 100% of the outstanding principal amount of the Refunded 2016A Bonds, plus accrued interest to the date of payment. On the date the 2026 Bonds are issued, a portion of the proceeds of the 2026 Bonds and other available funds from the ECU will be transferred to the Trustee and the Board will provide irrevocable instructions to the Trustee to cause the payment of the Refunded 2016A Bonds on the Redemption Date.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds, rounded to the nearest dollar, in connection with the issuance of the 2026 Bonds:

Sources of Funds:

Principal Amount of 2026 Bonds
Net Original Issue Premium/Discount

Total Sources

Uses of Funds:

Project Fund
Refunding of Refunded 2016A Bonds
Costs of Issuance¹

Total Uses

¹ Costs of issuance include underwriter’s discount, legal fees, financial advisory fees, rating agency fees, initial Trustee, Registrar and Paying Agent fees, printing costs and other expenses incurred in connection with the issuance of the 2026 Bonds.

THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA

The Board is classified and constituted pursuant to Chapter 116 of the General Statutes of North Carolina, as amended, as a body politic and corporate of the State. Chapter 116 also provides that members of the Board are to be elected by the North Carolina Senate and House of Representatives. The State Senate and House presently elect 12 members every two years to serve four-year terms. Pursuant to the Act, the Board is authorized to issue, subject to the approval of the Director of Budget, at one time or from time to time, special obligation bonds of the Board, for the purpose of paying all or any part of the cost of acquiring, constructing or providing one or more capital facilities at the University or refunding any bonds issued under the Act or under any provision of any Article of Chapter 116 for the benefit of the University.

The University of North Carolina System (the "*System*") is composed of the following institutions: University of North Carolina at Asheville, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina Wilmington, Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, University of North Carolina School of the Arts, Western Carolina University, Winston-Salem State University and the North Carolina School of Science and Mathematics.

EAST CAROLINA UNIVERSITY

East Carolina University has a full and part-time headcount student population as of Fall 2025 of over 27,100, including more than 21,600 undergraduate students and nearly 5,500 graduate and doctoral students. The University's programs include 86 bachelor's degrees, 19 baccalaureate certificates, 73 post-baccalaureate certificates, 64 master's degrees, 12 post-master's certificates, 13 doctoral degrees, 2 post-doctoral certificates, 6 professional degrees and 164 programs approved for online delivery. The main campus of the University is located in Greenville, North Carolina.

For information about the University, see Appendix A hereto.

TAX TREATMENT

GENERAL

On the date of issuance of the 2026 Bonds, Bond Counsel will render an opinion that, under existing law, (1) assuming compliance by the Board and the University with certain provisions of the Code, interest on the 2026 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2026 Bonds is exempt from State of North Carolina income taxation.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 2026 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the Board and the University rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2026 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2026 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Board and the University subsequent to issuance of the 2026 Bonds to maintain the excludability of the interest on the 2026 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the Board and the University as to certain facts material to the opinion and the requirements of the Code.

The Board and the University have covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest on the 2026 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the Board and the University with such covenants, and Bond Counsel has not been retained to monitor compliance by the Board and the University with such covenants subsequent to the date of issuance of the 2026 Bonds. Failure to comply with certain of such requirements may cause the interest on the 2026 Bonds to be included in gross income for federal income tax purposes retroactive

to the date of issuance of the 2026 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest with respect to the 2026 Bonds.

If the interest on the 2026 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the Board and the University to comply with any requirements described above, the Board and the University are not required to redeem the 2026 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2026 Bonds. Prospective purchasers and owners of the 2026 Bonds are advised that, if the Internal Revenue Service does audit the 2026 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the Board and the University as the taxpayer, and the owners of the 2026 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2026 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers and owners of the 2026 Bonds should be aware that ownership of the 2026 Bonds and the accrual or receipt of interest on the 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2026 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers and owners of the 2026 Bonds should consult their own tax advisors as to collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2026 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the 2026 Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the 2026 Bonds or otherwise prevent the owners of the 2026 Bonds from realizing the full current benefit of the status of the interest on the 2026 Bonds.

Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel’s opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the Board and the University, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

An owner of a 2026 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid on the 2026 Bond if such owner fails to provide to any person required to collect information in accordance with Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" described in Section 6049 of the Code properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

ORIGINAL ISSUE DISCOUNT

As indicated on the inside cover page, the 2026 Bonds maturing on October 1, 20__ (the "*OID Bonds*"), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of an OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of an OID Bond which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal individual alternative minimum tax. However, it should be noted that the original issue discount that accrues to an owner of an OID Bond may result in other collateral federal income tax consequences for certain taxpayers in the year of the accrual.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such OID Bond) at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the 2026 Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be

received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

ORIGINAL ISSUE PREMIUM

As indicated on the inside cover page, the 2026 Bonds maturing on October 1, 20__ (the "*Premium Bonds*"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

CONTINUING DISCLOSURE OBLIGATION

The Board has agreed in the Twenty First Series Indenture authorizing the 2026 Bonds, in accordance with Rule 15c2-12 (the "*Rule*") promulgated by the Securities and Exchange Commission (the "*SEC*") and for the benefit of the registered owners and beneficial owners of the 2026 Bonds to provide, or cause the University to provide, to the Municipal Securities Rulemaking Board (the "*MSRB*"):

(a) by not later than seven months after the end of each Fiscal Year of the University, beginning with the Fiscal Year ending June 30, 2026, the audited financial statements of the University for such Fiscal Year, if available, prepared in accordance with the laws of the State applicable to the Board and its constituent institutions, or if such audited financial statements are not then available, unaudited financial statements of the University for such Fiscal Year to be replaced subsequently by audited financial statements of the University to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months after the end of each Fiscal Year of the University, beginning with the Fiscal Year ending June 30, 2026, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included (i) in the table of Available Funds under the caption "**SECURITY FOR THE 2026 BONDS-AVAILABLE FUNDS,**" and (ii) in the table under the heading "**--FINANCIAL INFORMATION**" in Appendix A hereto, in each case, to the extent such information is not included in the financial statements referred to in (a) above;

(c) in a timely manner not in excess of 10 Business Days after the occurrence of an event, notice of any of the following events with respect to the 2026 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
 - (5) substitution of any credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2026 Bonds, or other material events affecting the tax status of the 2026 Bonds;
 - (7) modification to the rights of the beneficial owners of the 2026 Bonds, if material;
 - (8) call of any of the 2026 Bonds, other than calls for mandatory sinking fund redemption, if material, and tender offers;
 - (9) defeasance of any of the 2026 Bonds;
 - (10) release, substitution or sale of any property securing repayment of the 2026 Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the University;
 - (13) the consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) the appointment of a successor or additional trustee or a change in the name of the trustee, if material;
 - (15) incurrence of a financial obligation of the Board related to the University, if material, or agreement to covenant, events of default, remedies, priority rights or other similar terms of a financial obligation of the Board related to the University, any of which affect the holders of the 2026 Bonds, if material; and
 - (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Board related to the University, any of which reflect financial difficulties; and
- (d) in a timely manner, notice of a failure of the Board to provide or cause the University to provide the required annual financial information described in (a) or (b) above on or before the date specified.

For purposes of the undertaking described in (15) and (16) above, “*financial obligation*” means (A) a debt obligation, (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (C) a guarantee of either clause (A) or (B) above. The term “*financial obligation*” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

All information provided to the MSRB as described above shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. Currently such information is provided through the Electronic Municipal Market Access System (“EMMA”) maintained by the MSRB. The Board may meet the continuing disclosure filing requirements described above by complying with any other procedure that may be required or authorized by the United States Securities and Exchange Commission.

The Board has agreed that its undertaking set forth above is intended to be for the benefit of the registered owners and the beneficial owners of the 2026 Bonds and is enforceable by the Trustee or by any of them, including an action for specific performance of the Board’s obligations described above, but a failure to comply will not be an event of default under the General Indenture and will not result in acceleration of the payment of the 2026 Bonds. An action must be instituted, had and maintained in the manner provided in this paragraph for the benefit of all of the registered owners and beneficial owners of the 2026 Bonds.

Pursuant to the Twenty First Series Indenture, the Board may modify from time to time, consistent with the Rule, the information to be provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Board, but:

- (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Board;
- (2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and
- (3) any such modification does not materially impair the interests of the registered owners or the beneficial owners of the 2026 Bonds, as determined by Bond Counsel or by the approving vote of the registered owners of a majority in principal amount of the 2026 Bonds.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on all of the 2026 Bonds.

During the past five years, the University has complied with its previous continuing disclosure obligations in all material respects.

The Board has delegated to each constituent institution responsibility for complying with the continuing disclosure undertakings relating to bonds issued for its benefit. The University is not responsible for the compliance of other constituent institutions with their continuing disclosure undertakings. Certain of the constituent institutions have failed to comply in all material respects with their continuing disclosure obligations undertaken with existing bonds issued by the Board for their benefit.

RATINGS

Moody's Ratings has assigned the 2026 Bonds a rating of "Aa3," and S&P Global Ratings, has assigned the 2026 Bonds the rating of "AA-". Explanations of the significance of the respective ratings may be obtained from Moody's Ratings and S&P Global Ratings. The ratings reflect only the view of the respective rating agencies, and neither the Board nor the University makes any representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by the rating agencies, if in their judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2026 Bonds.

LITIGATION, INVESTIGATIONS AND REGULATORY MATTERS

There is no litigation pending against the Board or the University, or, to the knowledge of the officers or attorneys for either, threatened, in any court or other tribunal of competent jurisdiction, State or federal, in any way (1) restraining or enjoining the issuance, sale or delivery of any of the 2026 Bonds; (2) questioning or affecting the validity of the 2026 Bonds, the General Indenture, or the Twenty First Series Indenture; (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the 2026 Bonds; or (4) questioning or affecting the organization of the Board or the power of the Board to pay principal and interest on the Bonds from Available Funds.

At all times, there are audits, compliance reviews and investigations that arise in the normal course of the University's activities. Such audits, compliance reviews and investigations may relate to any activity at the University, and may be conducted by persons within or outside the University, including, but not limited to, federal agencies, the North Carolina State Auditor's office and other state governmental agencies.

The System has also been named in a separate purported class action lawsuit brought on behalf of students who paid student fees and parking fees for the fall 2020 academic semester at the University of North Carolina at Chapel Hill and North Carolina State University. These plaintiffs seek to recover money damages on the ground that their student fees were not properly adjusted, pro-rated, or rebated after those universities transitioned to fully online instruction in the fall of 2020. At the trial court level, the System was partially successful on a motion to dismiss this matter as well; only one claim survived dismissal. The North Carolina Court of Appeals affirmed the trial court's decision in October 2022. The North Carolina Supreme Court granted the System's request for discretionary review of the decision related to the outstanding claim. The Supreme Court held that the plaintiffs had sufficiently pled a claim for breach of an express contract and remanded the matter for further proceedings in the trial court.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the issuance and authorization of the 2026 Bonds are subject to the unqualified approving opinion of Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, Bond Counsel. Copies of the approving opinion of Bond Counsel will be available at the time of delivery of the 2026 Bonds. A proposed draft of its opinion is set forth in Appendix D of this Official Statement. Certain legal matters will be passed on for the Board by or on behalf of the Hon. Jeffrey Jackson, Attorney General of the State of North Carolina.

FINANCIAL ADVISOR

First Tryon Advisors, LLC, has served as financial advisor to the University in connection with the sale of the 2026 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the 2026 Bonds is contingent on the issuance and delivery of the 2026 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume

responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices thereto.

UNDERWRITING

The underwriters for the 2026 Bonds are _____.¹
The underwriters for the 2026 Bonds have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the 2026 Bonds. If all of the 2026 Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriters for the 2026 Bonds anticipate total selling compensation of \$_____.¹ The public offering prices or yields of the 2026 Bonds may be changed from time to time by the underwriters of the 2026 Bonds.

¹ Information provided by the underwriters of the 2026 Bonds.

MISCELLANEOUS

The summaries of the provisions of the 2026 Bonds and the Indentures contained in this Official Statement, including Appendix C, do not purport to be complete and are made subject to the detailed provisions thereof to which reference is hereby made.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. The delivery of this Official Statement has been duly authorized and approved by the Board.

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APPENDIX A

EAST CAROLINA UNIVERSITY

APPENDIX A

EAST CAROLINA UNIVERSITY

GENERAL

East Carolina University (the “*University*” or “*ECU*”) has a full and part-time headcount student population as of Fall 2025 of over 27,100, including more than 21,600 undergraduate students and nearly 5,500 graduate and doctoral students. The University’s programs include 86 bachelor’s degrees, 19 baccalaureate certificates, 73 post-baccalaureate certificates, 64 master’s degrees, 12 post-master’s certificates, 13 doctoral degrees, 2 post-doctoral certificates, 6 professional degrees and 164 programs approved for online delivery.

The main campus of the University is located on about 530 acres in a residential area of Greenville, North Carolina. This campus has approximately 5.54 million square feet of academic, research, and residential space in 160 buildings.

The University’s Health Sciences campus is located on about 214 acres with nearly 2.16 million square feet of academic and research space in 60 buildings, and a West Research Campus located on about 630 acres with more than 33,000 square feet in seven buildings.

The ECU Outer Banks Campus, home of the Coastal Studies Institute, is located on about 199 acres along the shores of Roanoke Island on the Outer Banks of North Carolina. The University partners with North Carolina State University and the University of North Carolina at Chapel Hill on this campus, focusing on integrated coastal research and educational programming centered on responding to the needs, issues, and topics of concern of the residents of eastern North Carolina.

The School of Dental Medicine operates eight community service-learning centers located on about 15 acres across the State. The centers located in Ahoskie, Brunswick County, Elizabeth City, Davidson County, Lillington, Robeson County, Spruce Pine and Sylva allow the University to offer comprehensive general dental services in underserved areas in a community-based, service-learning environment.

HISTORY

The University was first chartered in 1907 by the General Assembly of North Carolina as state-supported East Carolina Teachers Training School. In Fall 1909, the first regular session began with 174 students enrolled in the one-year and two-year curricula. The first class to graduate under the regular two-year normal curriculum received its diplomas in the spring of 1911. The University was authorized in 1920 to institute a four-year teacher education curriculum and to confer the baccalaureate degree upon its graduates. The name was changed to East Carolina Teachers College, and the first degrees were awarded to the class of 1922. In 1929, the General Assembly granted the University the authority to award the Master of Arts degree. In May 1941, the development of the University was furthered by the granting of the authority to institute a liberal arts program. In the post-war years, enrollment increased, and new schools and departments were established. In 1951, the changing role of the institution was reflected in the new name of East Carolina College. By the 1960s, East Carolina College had become the third largest institution of higher education in the State.

The General Assembly voted to elevate the College to the status of East Carolina University in 1967. In 1971, the General Assembly restructured higher education in North Carolina, making the University a constituent part of The University of North Carolina. In 1975, the General Assembly authorized the establishment of a School of Medicine. The charter class of the four-year medical school

enrolled in 1977. In 1979, the University was authorized to develop five PhD programs in sciences basic to medicine. The University awarded its first PhD degree in 1983. In the spring of 1998, the Board designated the University as a Doctoral II Institution, and the University holds the distinction of being classified as a Doctoral/Research Intensive University. In the Fall of 2011, the East Carolina University School of Dental Medicine enrolled its first class of students and graduated its first class in May 2015.

In 2015, the UNC Board of Governors designated portions of the University's campus as "Millennial Campuses" under the North Carolina General Statutes to encourage public-private partnerships, foster economic development and enhance faculty research and student learning. The designation is intended to foster business incubation, commercialization of new products and processes, and create jobs.

ACADEMIC PROGRAMS

ECU has more than 27,100 students. These students come from all 100 counties in North Carolina, most of the nation's 50 states, and many countries from around the world. Students are drawn to ECU because it has one of the widest ranges of degree and certificate programs in the State. With 284 degrees and certificates at the undergraduate, master's, and doctoral levels, there is a wide range of options for students.

ECU offers 86 bachelor's degrees. Students can earn the bachelor of arts (BA), bachelor of fine arts (BFA), bachelor of science (BS), bachelor of science in business administration (BSBA), bachelor of science in nursing (BSN), bachelor of social work (BSW), and bachelor of music (BM).

ECU offers 64 master's degrees. They include the master of arts (MA), master of arts in education (MAEd), master of arts in teaching (MAT), master of business administration (MBA), master of construction management (MCM), master of fine arts (MFA), master of library science (MLS), master of music (MM), master of public administration (MPA), master of public health (MPH), master of school administration (MSA), master of science (MS), master of science in accounting (MSA), master of science in environmental health (MSEH), master of science in nursing (MSN), master of science in occupational therapy (MSOT), and master of social work (MSW), and 2 specialist degrees (Ed's, SSP).

ECU offers 13 doctoral degrees and 6 professional degrees. They include the doctor of audiology (AuD), doctor of dental medicine (DMD), doctor of education (EdD), doctor of medicine (MD), doctor of nursing practice (DNP), doctor of occupational therapy (OTD), doctor of philosophy (PhD), doctor of physical therapy (DPT), and doctor of public health (DrPH).

ECU offers 113 certificates at the undergraduate, post-baccalaureate, post-master's, and post-doctoral levels.

Students are also drawn to ECU because it is the only university in the University of North Carolina System (the "*UNC System*") that has a medical school, a dental school, and an engineering program. In addition, ECU is now an R1 research institution, a designation given to the top research universities in the US by the American Council on Education (ACE) and Carnegie Foundation for the Advancement of Teaching.

Distance education is another reason students are drawn to ECU. With over 8,500 distance education students, ECU is one of the largest distance education providers in the UNC System, offering over 140 degrees and certificate programs online. Students from all 100 of North Carolina's counties, 43 states plus the District of Columbia, and 20 countries are currently enrolled in distance education programs.

ECU focuses its distance education on areas with high need and demand such as education, health care/nursing, business, and technology. It has special initiatives to engage individuals who have completed some previous college work to finish their degree programs and to address the needs of service members and their families as well as military veterans.

Distance education programs at ECU are not separate from traditional programs, but are fully integrated, using the same faculty, coursework, and programs of study.

COLLEGES AND SCHOOLS

ECU consists of 9 colleges, 11 schools, and integrated coastal programs.

The *College of Allied Health Sciences* is comprised of 8 departments and offers 6 bachelor of science (BS) degrees in clinical laboratory science, health information management, health services management, nutrition and dietetics, rehabilitation services, speech and hearing sciences, as well as 3 undergraduate minors. Graduate degrees offered include audiology (AuD), physical therapy (DPT), clinical counseling (MS), communication sciences and disorders (MS), health informatics and information management (MS), occupational therapy (MSOT and OTD), rehabilitation counseling (MS), and rehabilitation services (PhD), as well as 6 graduate certificates.

The *College of Arts and Sciences (Thomas Harriot)* is the largest and most diverse academic unit at ECU. The college is comprised of 15 departments and offers degrees that span the humanities, social sciences, natural sciences, and mathematics, as well as a broad spectrum of certificates, interdisciplinary programs, and minors. At the graduate level, the college offers the master of arts (MA) in 8 disciplines, master of public administration (MPA), master of science in 10 disciplines, doctor of philosophy (PhD) in 4 disciplines, the specialist in school psychology (SSP), and 16 post-baccalaureate certificates. At the undergraduate level, the college offers the bachelor of arts (BA) in 14 disciplines, the bachelor of science (BS) in 19 disciplines, minors in 35 disciplines, and 5 undergraduate certificates.

The *College of Business* is one of 18 AACSB accredited business schools in North Carolina. With 5 departments and two schools, the college offers the bachelor of science in business administration (BSBA) in accounting, finance, management, management information systems, marketing, supply chain management, and the bachelor of science (BS) in entrepreneurship and hospitality leadership. The college also offers minors in business administration and hospitality management, and 3 undergraduate certificate programs. Graduate programs offered include the master of business administration (MBA), master of science in accounting (MSA), and master of science (MS) in sustainable tourism, 9 post-baccalaureate certificates, and 3 dual degree programs (MD/MBA, DNP/MBA, PhD/MBA).

The *College of Education* is comprised of 4 departments and offers 8 educator preparation bachelor of science (BS) programs in elementary education, middle grades education, English secondary education, history secondary education, mathematics secondary education, science education, special education adapted curriculum, and special education general curriculum, and 4 undergraduate certificates. Graduate degrees offered include the EdS, EdD, MAEd, MAT, MLS, MS, and MSA, as well as 26 post-baccalaureate certificates.

The *College of Engineering and Technology* is comprised of 4 departments and offers 9 bachelor of science (BS) degrees in computer science, construction management, design, distribution and logistics, engineering, industrial engineering technology, industrial technology, information and cybersecurity technology, and software engineering, as well as 2 undergraduate certificates and 6 minors. Graduate degrees include 9 master of science (MS) programs in biomedical engineering, computer science, construction management, data science, information and cybersecurity technology, mechanical

engineering, occupational safety, software engineering, technology management, and 6 post-baccalaureate certificates. The college is also a founding partner in the consortium based, internet enabled, PhD program in technology management.

The ***College of Fine Arts and Communication*** is comprised of 4 schools and offers the BA (theatre arts), BFA (art, art education, dance, theatre arts), BM (music), and BS (communication) degrees, as well as 7 undergraduate minors. Graduate degrees include the MA (communication), MFA (art), and MM (music), as well as 1 post-baccalaureate certificate.

The ***College of Health and Human Performance*** is comprised of 5 departments and 1 school. The college offers the bachelor of science (BS) in birth through kindergarten teacher education, child life, family and community services, family and consumer sciences education, environmental health, interior design and fashion merchandising, exercise physiology, physical education and coaching science, public health, recreation, park, and sport management, recreational therapy, sport performance science, the bachelor of social work (BSW), as well as 4 undergraduate certificates and 10 minors. The master of science (MS) is offered in human development and family science, kinesiology, marriage and family therapy, recreation sciences and sport management, the MSEH (environmental health), MSW (social work), and PhD (bioenergetics and exercise science, medical family therapy), as well as 10 post-baccalaureate certificates. The college is also home to Military Programs (Air Force and Army ROTC) which offers 2 minors that can be combined with other degree programs.

The ***College of Nursing*** is the State's flagship nursing education institution. The college educates and mentors nurses, advanced practice registered nurses, and nurse practitioners, doctor of nursing practice and nurse scientists. At the undergraduate level, the college offers the BSN, along with 4 pathways to earn the BSN (RN to BSN, RN to BSN Early Assurance, aRIBN, and ABSN). At the graduate level, the college offers 3 graduate degrees (MSN, PhD, DNP) as well as 11 certificates. For students interested in dual degrees, the college offers the DNP/MBA and the MSN/MBA programs. Today the college is ranked the number one online public master's program in the State by US News and World Report Rankings (January 2025) and has over 12,000 nursing alumni.

The ***Honors College*** is a diverse intellectual community for academically talented students. Its students engage in coursework that spans disciplines across campus, providing for an innovative curricular and co-curricular model. Honors students are provided with the opportunity to engage in immersive service-learning, undergraduate research, and pre-professional experiences throughout the undergraduate years.

The ***School of Dental Medicine*** educates North Carolinians to be tomorrow's solution to the oral healthcare shortfall in the State. The school prepares students who are inclined to serve rural and underserved populations and teaches them using a national model that includes the most modern technology, intensive classroom instruction, and firsthand experience at statewide community service-learning centers. Faculty, students, and residents strive to meet patients where they are to provide access to care close to their home communities. Clinics at ECU and centers across the State offer solutions to patients who might otherwise not have access to dental care. The school offers the doctor of medicine in dentistry (DMD) and advanced education in general education (AEGD), as well as optional 2nd year advanced education in general dentistry (AEGD-2), general practice residency (GPR), and a pediatric dentistry residency program.

The ***Brody School of Medicine*** offers the doctor of medicine (MD) and 9 residency programs for specialized training of physicians, the largest being family medicine, with positions in each of the three years of training. The school also offers residency programs in emergency medicine, internal medicine, obstetrics and gynecology, pediatrics, pathology and laboratory medicine, psychiatric medicine, surgery, and physical medicine and rehabilitation. Combined programs are offered in internal medicine and

pediatrics, as well as in internal medicine and psychiatry. The school also supports programs leading to the doctor of philosophy (PhD) degree in seven disciplines (anatomy and cell biology, biochemistry and molecular biology, interdisciplinary program in biomedicine, microbiology and immunology, pathology and laboratory medicine, pharmacology and toxicology, and physiology).

Integrated Coastal Programs focuses on the sustainable use and vulnerability of the world's coastal systems. To ensure that humans can adapt to changes and take advantage of opportunities in marine and coastal ecosystems, faculty are developing a comprehensive understanding of the processes, cycles, and interactions across this vitally important land-ocean interface. Integrated Coastal Programs offers the doctor of philosophy (PhD) in integrated coastal studies.

The *Graduate School* at ECU works to maximize student success, serve the public, and transform the region through its graduate programs. ECU currently holds the distinction of being classified among the Doctoral/Research Universities by the Carnegie Foundation.

The *Miller School of Entrepreneurship* serves as a regional hub for preparing students to take an entrepreneurial mindset and skillset into their communities. In addition to its unique entrepreneurship curriculum, the school links with key strategic partners to offer co-curricular programs that help serve as a catalyst for regional transformation. The Miller School of Entrepreneurship offers a bachelor of science (BS) in entrepreneurship and an entrepreneurship certificate program.

The *Arthur Graduate School of Business* offers the master of business administration (MBA) which has been ranked by US News and World Report as a best buy for online education; the master of science in accounting (MSA) which allows students to take the CPA exam while still taking courses; the master of science (MS) in sustainable tourism and hospitality; and two dual degrees. The MD/MBA program provides tomorrow's physicians with a world-class business education, and the DNP/MBA provides doctor of nursing practice students with business education. The school also offers stand-alone post-baccalaureate certificates and MBA add-on certificates.

MILLENNIAL CAMPUS DEVELOPMENT

ECU's Millennial Campus was developed to enhance the research, teaching, and service missions of ECU by accelerating and expanding collaborative research, health sciences, teaching, and service to champion economic and community development for both Greenville and the region, producing innovations in education, science, technology, and the arts that address local and regional challenges while equipping the region with a magnet to attract talent and investment. The Millennial Campus currently encompasses more than 650 acres within 7 sites spanning eastern North Carolina. Value-added resources within each district and area are available to support research, discovery, innovation, entrepreneurship, incubation, manufacturing, and commercialization.

Millennial Campus Warehouse District. ECU is currently transforming its Warehouse District. This district encompasses more than 22 acres of converging opportunities to restore and reuse valuable historic properties and accelerate reinvestment activities within Greenville's Center City and arts and innovation district. These efforts will lead to the development of collaborative research, innovation, and economic development spaces. The area is anchored by ECU's Life Sciences and Biotechnology Building, which provides more than 140,000 square feet of space for innovative, team-based, industry-relevant basic and applied research.

There are three nationally registered historic tobacco warehouse buildings within a short proximity of the Life Sciences and Biotechnology Building in this district: the Export Leaf Tobacco Warehouse, the Hughes Warehouse, and the American Tobacco Storage. ECU has partnered with a master developer,

Elliott Sidewalk Communities, LLC, to renovate these three properties to connect the talents of University researchers and partners in industry, government, and others to innovate leading to prosperity in eastern North Carolina and beyond through a public-private partnership with ground leases and estate transactions. By February 2031, the entire 22 acres is planned to be transformed into an 800,000 square foot campus of innovation and a gateway to the many talents of faculty, staff, and students to partner with private industry, government, and other agencies. This campus will focus on commercializing research discoveries that benefit regional industries. It will also feature state of the art lab and spaces that foster innovation and stimulate ideas to overcome challenges through collaboration and partnerships.

BOARD OF TRUSTEES

The UNC Board of Governors has responsibility for the basic policies of the UNC System as a whole. However, the University has its own administrative structure and maintains a separate Board of Trustees that serves as advisor to the UNC Board of Governors on matters pertaining to the University. The Board of Trustees’ role is to promote the sound development of the University, helping ECU to serve the people of the State in a way that will complement the activities of other UNC institutions and aiding ECU to perform with excellence in every area of endeavor.

The Board of Trustees is composed of 13 members. Eight members are selected by the Board of Governors of The University of North Carolina, four are appointed by the Governor, and the Student Body President serves a one-year term as a member *ex officio*. All appointed Trustees serve staggered four-year terms.

The following lists the current members of the Board of Trustees and their city of principal residence:

- Cassie Burt, *Emerald Isle, NC*, Chair
- Dave Fussell, *Wallace, NC*, Vice Chair
- Van Isley, *Raleigh, NC*, Secretary
- Tom Furr, *Durham, NC*
- Rich Balot, *Grimesland, NC*
- Nick Crabtree, *Greenville, NC*
- Matt Crisp, *Marietta, GA*
- Carl Rogers, *Wrightsville Beach, NC*
- Jim Segrave, *Kinston, NC*
- Scott Shook, *Greenville, NC*
- Curtis Struyk, *Morehead City, NC*
- Vanessa Workman, *Greenville, NC*
- Daniel Walker, *Ex Officio*, Student Body President

UNIVERSITY ADMINISTRATION

The following table sets forth the names and positions of the principal executive officers of the University:

NAME	POSITION	SINCE
Dr. Philip G. Rogers	Chancellor	2021
Dr. J. Christopher Buddo	Provost and Vice Chancellor for Academic Affairs	2025

NAME	POSITION	SINCE
Dr. Sharon R. Paynter	Senior Vice Provost for Research and Innovation	2026
Christopher M. Dyba	Vice Chancellor for University Advancement	2013
Stephanie M. Coleman	Vice Chancellor for Administration and Finance	2021
Dr. Brandon Frye	Vice Chancellor for Student Affairs	2023
Meagan I. Kiser	General Counsel and Vice Chancellor for Legal Affairs	2025
Jon Gilbert	Director of Athletics	2018

Dr. Philip G. Rogers became the 12th Chancellor of East Carolina University on March 15, 2021. He was nominated by UNC President Hans and elected by the Board of Governors on December 17, 2020. Prior to his appointment as Chancellor, Dr. Rogers was the Senior Vice President for Learning and Engagement at the American Council on Education (ACE). As Senior Vice President, Dr. Rogers helped institutions navigate complex challenges facing the global higher education landscape. He was responsible for ACE's academic, research, and innovation strategy, overseeing five separate divisions including advancement and fundraising, education attainment and academic innovation, global engagement and internationalization, leadership and professional learning, and research. The appointment as Chancellor was a homecoming for Dr. Rogers, who first came to ECU as a policy analyst in 2007 and served as Chief of Staff from 2008-2013. As Chief of Staff, he was responsible for external relations for the University, including government relations, marketing and communications, public service, and policy development. As a native North Carolinian, Dr. Rogers was reared in Greenville, and his family has a long history in the State and with the University. Dr. Rogers earned a doctorate degree in higher education management with distinctions from the University of Pennsylvania, a master's degree in public administration from the University of North Carolina at Chapel Hill, and a bachelor's degree in communications from Wake Forest University.

Dr. J. Christopher Buddo was appointed Provost and Vice Chancellor for Academic Affairs in May of 2025 after serving in the same role in an interim capacity since November 2024. Dr. Buddo is the former Dean of the College of Fine Arts and Communication at ECU. Prior to becoming dean, he was the Director of the School of Music at ECU. He has also held faculty and administrative positions at Baylor University in Waco, Texas. As a double bassist, he has performed with the Birch Creek Summer Music Festival in Door County Wisconsin, the Bedford Springs Music Festival in Pennsylvania, the Fort Worth Symphony Orchestra, the Waco Symphony, the Des Moines Symphony, the Quad-City Symphony, and the Roanoke Symphony. As a conductor, Dr. Buddo has led numerous university opera productions. He has directed the Iowa City Youth Orchestra and was the founding conductor of the Waco Symphony Youth Orchestra.

Dr. Sharon R. Paynter was appointed Senior Vice Provost for Research and Innovation on February 25, 2026, and in that role serves as chief research officer for the University. Dr. Paynter received a BS in Biology and MPA from the University of North Carolina at Chapel Hill, MS in Legal Administration from the University of Denver, PhD in Public Administration from North Carolina State University, and completed postdoctoral training at Brown University. She joined the Department of Political Science at ECU in 2009 and currently holds positions as associate professor of Political Science with tenure and adjunct professor in the Miller School of Entrepreneurship. Dr. Paynter served as interim director of the Office of Public Service and Community Engagement from 2014 to 2016, Assistant Vice

Chancellor for Community Engagement and Research from 2016 to 2019, and Assistant Vice Chancellor for Economic and Community Engagement from 2019 until her appointment as Senior Vice Provost for Research and Innovation. Dr. Paynter's scholarly activities and publications span across the disciplines of public policy, public administration, innovation, entrepreneurship, and community-engaged scholarship. She has received over \$4.4 million in grants and contracts from diverse sources, including federal, state, and private sponsors. The funding has supported more than 250 assistantships for undergraduate and graduate students at ECU.

Christopher M. Dyba was named Vice Chancellor for University Advancement in December 2013 and assumed his role in March 2014. He has responsibility for the overall operations of the division of University Advancement, including development, major gifts, and the annual fund. Mr. Dyba was at Tulane University since 2010, serving as Senior Associate Vice President for Individual Giving where he oversaw a team of 50 advancement officers and staff. He previously served in lead advancement roles at both Auburn University and Duke University, overseeing and conducting fundraising in broad areas that included business, arts and sciences, divinity, and the annual fund. In each of his roles, he has participated in campaigns that produced significant increases in both donations and numbers of donors. Mr. Dyba holds a Bachelor of Arts degree from Louisiana State University and a Master's from Duke University in Theological Studies.

Stephanie M. Coleman was appointed Vice Chancellor for Administration and Finance in July of 2021. Ms. Coleman has served in various financial capacities since arriving at ECU in March 2004. Prior to the interim appointment as Vice Chancellor for Administration and Finance, her most recent role was the Associate Vice Chancellor for Budget and Athletics Fiscal Affairs. Ms. Coleman holds a Bachelor of Science in Business Administration with a concentration in Accounting and a Master of Business Administration from East Carolina University. Ms. Coleman is also a Certified Public Accountant. The Administration and Finance Division includes the areas of Administration and Finance Operations, Athletic Business Affairs, Campus Operations, Campus Safety & Auxiliary Services, ECU Health Financial Management & Reporting, Financial Planning and Analysis, Financial Services, Information Technology and Computing Services, Materials Management, Real Estate, and People Operations, Success, and Opportunity

Dr. Brandon Frye, a North Carolina native with more than 22 years of experience working with university students, was appointed Vice Provost for Student Affairs on February 1, 2023. Dr. Frye earned his doctorate in student affairs administration from the University of Georgia, and a master's degree in student development and a bachelor's degree in history and secondary education from Appalachian State University. Dr. Frye's previous experience includes serving as the Vice President for student affairs at Stephen F. Austin State University (SFA) in Texas. Before joining SFA, Frye served as Associate Vice President/Dean of Students and Deputy Title IX coordinator at the University of West Florida (UWF). While at UWF, he oversaw the development of the Fraternity and Sorority Life Plan to enhance member experience and maximize student safety and led in the formation and implementation of a student case management services unit to support student well-being and success. He has also held student affairs positions at Auburn University and the University of Georgia. The Division of Student Affairs at ECU serves the student population by providing programs and services that optimize student learning and leadership, including campus living, student health and counseling, career services, the Student Government Association, and student engagement. Student Affairs consists of eight units, 23 departments and 10 offices/centers and employs approximately 300 full-time and temporary employees.

Meagan I. Kiser was appointed ECU General Counsel and Vice Chancellor for Legal Affairs in May of 2025 after serving in the same role in an interim capacity since October 2024. Meagan earned a J.D., Campbell University – Norman Adrian Wiggins School of Law and holds a B.A., University of North Carolina at Chapel Hill.

Jon Gilbert was named Director of Athletics at ECU in December 2018. Prior to serving as Athletics Director at the University of Southern Mississippi since January 2017, Mr. Gilbert worked in senior athletics administrative positions at two Southeastern Conference institutions - the University of Alabama and the University of Tennessee (UT). At UT, Mr. Gilbert served as Executive Senior Associate Athletics Director under former long-time ECU athletics administrator Dave Hart. He was responsible for different facets of day-to-day department of athletics operations. His role included leadership duties across the department from strategic planning and management to external operations, academic affairs and more. Before UT, Mr. Gilbert worked for nearly 17 years at the University of Alabama where he served in multiple roles, including Associate Athletics Director from 2009 to 2011. There, the development office generated \$82 million in gifts and pledges for the Crimson Tide Foundation. Mr. Gilbert had oversight of the marketing and promotions department, as well as all facets of the ticket office and seat licensing program. Mr. Gilbert is a graduate of Lenoir-Rhyne College in Hickory, North Carolina, where he was a three-year letterman on the football team. He earned a master's degree in sports administration at Eastern Kentucky University while working as a graduate assistant football coach.

FACULTY

In the fall of 2025, the University employed over 1,940 full-time, part-time, and temporary instructional faculty. Of the full-time faculty, 78% hold a doctorate, first professional, or other terminal degree in their respective fields. In the fall of 2025, 45% of the faculty were tenured or on tenure track. The student to faculty ratio is 17 to 1.

EMPLOYEES

In the fall of 2025, faculty and staff numbered 5,496 (5,062 full-time and 434 part-time.) Faculty and staff are not represented by any collective bargaining units.

ACCREDITATION

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award baccalaureate, master's, and doctoral degrees. SACSCOC reaffirmed the University's accreditation in January 2024. The next reaffirmation will take place in 2033. In addition, the University has 120 distinct programs with specialized accreditation.

STUDENTS

Admissions. The University has historically focused on providing quality higher education and access for students from the eastern region of the State. For fall 2025, the University had representation from all 100 counties in the State, 49 states, the District of Columbia, and 73 countries. Although access remains at the heart of the University's mission, the University's enrollment philosophy has shifted over the most recent academic years to achieving a balance between access and student success.

For summer and fall 2025, the University received 29,319 applications for first time freshmen, 3,749 applications for transfers and 7,592 applications for graduate students. The entering enrolled freshman class average SAT score was 1,085, the average composite ACT score was 20.6 and the average weighted GPA was 3.61. The following table shows the average SAT and ACT scores for the past five years.

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AVERAGE ENROLLED FRESHMEN SAT AND ACT SCORES

<u>FALL TERM</u>	<u>SAT</u>	<u>ACT</u>
2021-2022	1,106	19.0
2022-2023	1,142	19.9
2023-2024	1,113	20.3
2024-2025	1,139	20.7
2025-2026	1,085	20.6

The University’s priority deadline for submitting fall 2026 undergraduate applications was April 1, 2026. As of April 6, 2026, the University received 29,590 completed first-time undergraduate applications which is 260 (+ 0.9%) more than the number of applications received for the prior fall term at this point in time. The University’s deadline for submitting transfer applications is July 6, 2026. The University has already received 2,234 completed transfer applications, which is 9 (-.4%) less applications than a year ago at this time, and expects to receive more given the deadline is still some time away (transfer applicants usually wait until close of spring term to apply). The University’s deadline for submitting graduate school applications varies by program and some accept applications through August 1, 2026. As of April 6, 2026, the Graduate School has received 3,064 completed applications thus far, which is 90 (-2.9%) less than this point one year ago.

Enrollments. The University enrolled 27,153 students for the fall 2025 term, comprised of 21,693 undergraduates, 4,457 graduates, and 1,003 professional students (headcount enrollment).

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The following table shows the number of students applying for admission, admitted, and enrolled for the past five academic years.

**ENROLLMENT DATA 2021-2025
(SUMMER AND FALL ENROLLMENT)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Freshmen					
Number of Applications	21,898	21,383	22,289	26,369	29,319
Number Admitted	20,568	19,758	20,084	23,527	26,375
Acceptance	93.9%	92.4%	90.1%	89.2%	90.0%
Number Enrolled	4,100	3,788	3,941	4,022	4,129
Matriculation	19.9%	19.2%	19.6%	17.1%	15.6%
Transfers					
Number of Applications	3,166	3,142	3,170	3,633	3,749
Number Admitted	2,868	2,626	2,662	3,010	3,225
Acceptance	90.6%	83.6%	84.0%	82.9%	86.0%
Number Enrolled	1,777	1,641	1,656	1,767	1,947
Matriculation	62.0%	62.5%	62.2%	58.7%	60.4%
Graduate					
Number of Applications	3,884	3,511	4,013	3,937	3,749
Number Admitted	1,889	1,942	1,969	2,110	1,891
Acceptance	48.6%	55.3%	49.1%	53.6%	50.4%
Number Enrolled	1,283	1,305	1,331	1,379	1,249
Matriculation	67.9%	67.2%	67.6%	65.4%	66.0%
Professional					
Number of Applications	1,551	1,486	1,399	1,470	2,633
Number Admitted	220	235	275	255	257
Acceptance	14.2%	15.8%	19.7%	17.3%	9.8%
Number Enrolled	139	137	145	137	144
Matriculation	63.2%	58.3%	52.7%	53.7%	56.0%

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STUDENT ENROLLMENT – FALL SEMESTER
ENROLLMENT BY LEVEL: MULTI-YEAR COMPARISON

	2021	2022	2023	2024	2025
Undergraduate					
Head Count	22,463	21,688	21,328	21,445	21,693
FTE	20,246	19,507	19,102	19,035	19,558
Graduate					
Head Count	4,627	4,548	4,538	4,564	4,457
FTE	3,631	3,612	3,632	3,687	3,369
First Professional*					
Head Count	931	915	919	931	1,003
FTE	881	866	868	871	919
Total					
Head Count	28,021	27,151	26,785	26,940	27,153
FTE	24,758	23,985	23,602	23,593	23,846

*First Professionals are: Medical, Dental, Doctor of Physical Therapy, Doctor of Audiology, and Doctor of Nursing Practice Students

Flight Path. ECU has been an established leader in online education for close to three decades, becoming one of the first universities in the nation to deliver degree programs through the internet in the mid-1990s. Flight Path is now enhancing that reputation. ECU is working aggressively to offset forecasted enrollment declines by making strategic financial investments in high-demand academic programs. The mission of Flight Path is to partner with UNC System institutions to solve workforce needs throughout the State by building high demand degree programs and by providing student support solutions specifically tailored for nontraditional learners. Four ECU programs are part of the Flight Path lineup:

Bachelor of Science in information and cybersecurity technology (ICT) through the Department of Technology Systems in the College of Engineering and Technology;

Bachelor of Science in criminal justice through the Department of Criminal Justice and Criminology in the Thomas Harriot College of Arts and Sciences;

Bachelor of Science in multidisciplinary studies with a concentration in security studies through the Department of Political Science in the Thomas Harriot College of Arts and Sciences; and

Bachelor of Arts in psychology through the Department of Psychology in the Thomas Harriot College of Arts and Sciences.

Rather than traditional fall and spring semesters with 15-week classes, Flight Path offers five semesters — two starting in the fall, two in the spring and one in the summer — with 7 1/2-week online classes. Additional Flight Path programs are anticipated to be added in future academic years.

Tuition and Fees. The following table shows tuition and mandatory fee rates by level and residency status. Effectively with the fall 2016 semester, each University of North Carolina constituent institution implemented the Fixed Tuition Program as required by North Carolina General Statute. The University participates in the guaranteed tuition program that fixes tuition rates for first-time full-time resident undergraduates and new resident transfer students that remain continuously enrolled for eight consecutive semesters (and sometimes ten) or the equivalent number of remaining semesters for transfer students. In

addition, mandatory fees – including debt service fees – are capped at 3% increases per year. ECU increased graduate tuition by 5% and mandatory fees by 2.5% for academic year 2025-26. Undergraduate tuition will increase 3% and mandatory fees by .92% for the 2026-27 academic year.

ANNUAL TUITION AND FEES

	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>	<u>2025-2026</u>
Undergraduate					
In State	\$ 7,317	\$ 7,325	\$ 7,361	\$ 7,361	\$ 7,438
Out of State	\$ 23,594	\$ 23,602	\$ 23,638	\$ 23,638	\$ 23,715
Graduate					
In State	\$ 7,614	\$ 7,622	\$ 7,658	\$ 7,658	\$ 7,973
Out of State	\$ 20,763	\$ 20,771	\$ 20,807	\$ 20,807	\$ 21,779

Retention Rates. The table below shows the University’s retention rates over the past five years. Retention rates reflect the percentage of the University’s first-time, full-time undergraduate students who continue at the University the next academic year. The University’s one-year retention rate has remained at about 80% or greater since 2014.

FRESHMAN-TO-SOPHOMORE RETENTION RATES

<u>Freshman Cohort</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	81%	80%	82%	83%	83%

Six-Year Graduation Rate. The University has consistently graduated over 60% of freshmen within six years.

SIX-YEAR GRADUATION RATE

<u>Freshman Cohort</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	66%	65%	62%	63%	63%

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Degrees Awarded. During the 2024-2025 Academic Year, the University awarded 7,369 degrees and certificates as follows:

Degrees and Certificates Awarded	Total
Bachelor's	4,824
Undergraduate Certificate	215
Post-Baccalaureate Certificate	436
Master's	1,521
Specialist	7
Post-Master's Certificate	30
Doctoral – Professional Practice	238
Doctoral – Research/Scholarship	97
Post-Doctoral Certificate	1

STUDENT HOUSING

The University's 16 residence halls have a capacity of about 5,700 beds. This includes Legacy Hall, which is currently offline for extensive renovation and is slated for reopening in the fall 2026 semester. Freshmen students are required to live in University housing for at least two semesters. Exempted from this policy are students who have reached their 21st birthday prior to the first day of classes, veterans of the U.S. Armed Forces, married students, students with dependent children (living with them) or students who commute to school daily from the permanent, legal residence of their parents (within a 35-mile radius of campus).

The University offers housing on its main campus in three residential neighborhoods. These areas of campus are known as West End Neighborhood, Central Campus Neighborhood, and the College Hill Neighborhood. The Central and West End Neighborhoods offer traditional housing with rooms with a central bath. Buildings in these neighborhoods are close to academic buildings, Joyner Library, the Main Campus Student Center, and the Eakin Student Recreation Center. The West End Dining Hall serves as the primary dining facility for these two residential neighborhoods. The College Hill Neighborhood has a mix of traditional and suite-style halls. These buildings are within walking distance to academic buildings and the Grady-White Boats Athletic Complex. Todd Dining Hall serves as the primary dining facility for this residential neighborhood.

The following tables show design capacity and managed capacity. Design capacity is maximum occupancy with every standard room filled with two students. Managed capacity is the number of available spaces accounting for spaces removed due to anticipated ADA needs, rooms removed for temporary emergency placements (roommate disputes, mental health issues, mechanical/facility issues), and any need to sell double rooms as singles. Managed capacity can fluctuate during the contracting season and during the academic year. The managed capacity number is the planned capacity for the academic year.

UNIVERSITY RESIDENCE FACILITIES (FALL 2025)

<u>BUILDING</u>	<u>DESIGN</u>	<u>MANAGED</u>
Ballard Hall East	346	338
Ballard Hall West	378	368
Clement Hall	398	389
College Hill Suites	500	490
Cotten Hall	260	229
Fleming Hall	162	155
Fletcher Hall	431	414
Garrett Hall	310	302
Greene Hall	400	389
Jarvis Hall	124	120
Jones Hall	443	431
Legacy Hall	Under	Renovation
Scott Hall	624	613
Tyler Hall	482	470
Umstead Hall	196	190
White Hall	<u>398</u>	<u>389</u>
TOTAL	<u>5,452</u>	<u>5,287</u>

RESIDENCE HALL FALL OCCUPANCY

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Designed Beds ¹	5,226	5,716	5,549	5,717	5,452
Occupancy	5,047	5,131	5,341	5,461	5,155
Occupancy Percentage	96.6%	89.8%	96.3%	95.5%	94.6%

Note: The University maintains the ability to adjust the number of available beds from year to year to meet renovation and other needs. In addition, the number of beds made available to upper class students as singles is adjusted each year based on demand.

RESEARCH

ECU obtained Research 1 (R1) status on February 13, 2025, joining the ranks of the top five percent of the nation’s universities. The R1 designation in the Carnegie Classification of Institutes of Higher Education reflects the University’s growing research capacity, the increasing volume of funding secured

through grants, and an academic environment that encourages innovation and exploration and is the result of years of growth in external funding, groundbreaking discoveries, preparing doctoral students for careers in higher education and industry, and interdisciplinary collaborations that address critical challenges in health care, technology, education and beyond.

For students, the R1 designation is expected to increase career opportunities and strengthen ECU's ability to offer cutting-edge educational resources, preparing graduates to thrive in research-intensive careers.

For faculty and researchers, R1 status is expected to provide access to additional funding opportunities, both from federal agencies and private sector partners. This enables faculty to further pursue groundbreaking research and engage in valuable collaborations with other institutions and industries.

For the region, ECU's elevated status as an R1 university is expected to have a positive economic impact, attracting new research initiatives, business partnerships and local economic development. The University will also serve as a resource hub for community-based research and outreach programs to improve the quality of life in eastern North Carolina.

The University's research community includes more than 370 funded faculty members and 752 graduate students; all engaged in a range of research activities. In 2025 alone, ECU directed \$75.06 million to research expenditures including equipment and supplies, staffing, laboratory costs and travel, and over the past four years, grant awards have totaled \$317.1 million. ECU is also focused on maximizing the long-term impact of research conducted on campus by assisting researchers in licensing and commercializing their discoveries and facilitating collaboration with community and industry partners.

Additionally, ECU provided approximately \$8 million in funding to graduate students for research in 2025, highlighting its commitment to fostering the next generation of scholars. Programs such as the Undergraduate Research and Creative Activities Program and Course-based Undergraduate Research Experiences further support undergraduate students in conducting meaningful research, reinforcing the University's focus on cultivating a research-driven academic environment and providing transformative educational experiences.

MANAGEMENT'S DISCUSSION AND RESPONSE TO CERTAIN FEDERAL PROPOSALS

ECU has nearly 350 federal direct or federal pass-through active grants. The federal government's current position on facilities and administrative (F&A) cost recovery reflects heightened scrutiny of research overhead expenses and a broader effort to constrain the total cost of federal grantmaking. In 2025, several federal agencies (e.g., NIH, NSF, DOE, DoD) advanced policies or guidance proposing a 15 percent cap on F&A reimbursement. These actions were met with significant legal challenges from higher education institutions, associations, and states. As of early 2026, court injunctions are in place that largely prevent implementation of these caps and require federal agencies to honor federally negotiated F&A rates. Congress has repeatedly included appropriations language prohibiting agencies from unilaterally altering indirect cost recovery methodologies. This ongoing tension between the Administration's cost containment objectives and long-standing federal policy recognizing full, negotiated reimbursement of research infrastructure costs is a continued risk for higher education institutions to navigate.

The implications for projecting impact to ECU's research portfolio include that the near-term (2 year) portfolio volume is likely to remain stable despite elevated uncertainty driven by court injunctions and congressional appropriation decisions. For now, ECU can reasonably project continued eligibility and competitiveness under existing funding mechanisms and cost structures. Even so, policy volatility has the potential to impose material risk in federal funding decisions. Therefore, federal funding growth projections

should be more conservative relative to historic trends over the past 5 to 7 years. Heightened attention to portfolio diversification is critically important for ECU. Balancing federal grants with funding from the State, foundations, industry, and partnership-based funding, particularly in areas aligned with engagement, applied research, and regional impact where ECU has demonstrated strength, will help mitigate risk factors associated with federal policy volatility.

ECU HEALTH

On June 23, 2021, after a 50-year evolution, Vidant Health and East Carolina University (ECU) announced that Vidant and ECU's Brody School of Medicine (BSOM/Brody) would align to become a clinically integrated, academic health care organization. This integration will allow the two organizations to provide efficient, effective and high-quality care to eastern North Carolina residents, become a national model for academic rural health care, and develop a shared brand.

As a first step toward this integration, Dr. Michael Waldrum was appointed Dean of the BSOM, effective July 1, 2021, while continuing to serve as Vidant's chief executive officer.

Currently ECU Health and East Carolina University are actively working under a Joint Operating Agreement (JOA) integrating clinical operations through unified operational processes and strategic goals while remaining legally separate entities. The goals of the integration are to: improve the value of and the access to quality care and provide patients with a more streamlined health care experience; more efficiently use clinical staff across the combined operations, regardless of which organization employs them; help facilitate new strategies and interventions for the most prevalent health needs of eastern North Carolina; create operational efficiencies reducing costs; and establish a shared leadership and governance structure for ECU Health.

ATHLETICS

The Department of Athletics is comprised of eighteen varsity sports, including seven men's and eleven women's teams, that focus on academic achievement, winning conference championships and representing the University with integrity and distinction. All varsity-level sports teams sponsored by the University compete in the National Collegiate Athletic Association (NCAA) Division I as a member of the American Athletic Conference. In football, the University, like all American Athletic Conference members, plays in the top-tier NCAA Division I Football Bowl Subdivision (FBS). The University's Office of Student Development offers the Department's 453 student-athletes a variety of student services including academic counseling and tutoring. As part of its strategic fiscal sustainability plan, Athletics reduced its intercollegiate athletics programs from 20 to 18 effective with the 2020-2021 fiscal year.

CYBERSECURITY

The University Information Security Program consists of a collection of enterprise rules, standards, and guidance to protect University information from unauthorized and/or unlawful access, use, disclosure, destruction, and/or loss. ECU has a multifaceted Information Security Program, and the program is overseen by the Chief Information Security Officer, with support provided by other team members. ECU relies on a large and complex technology environment to support its business functions and mission to be a national model for student success, public service, and regional transformation. ECU has adopted ISO/IEC 27002 as the University's standard and framework for campus-wide information security. ISO 27002:2022 (Information Security, Cybersecurity and Privacy Protection — Information Security Controls Framework) is the latest version and provides 93 controls to safeguard from risks to confidentiality, integrity, and availability of information.

ECU has a formal program of Data Governance with practices and processes to help ensure the formal management and safeguarding of data assets. This data governance function is grounded in ECU policy (Data Governance Regulation) and serves to formalize how decision-making responsibilities and accountability are assigned for ensuring that institutional data is accurate, available, secure, and used in a compliant manner.

Data Stewards have been designated and assigned authority for access and use for different data types. University data is classified at different levels based on sensitivity and compliance requirements. Certain uses and disclosures of data must be approved in advance by the appropriate data steward, and data storage locations are approved, with guidance published via the document Sensitive Data Storage and Transmission.

ECU's information technology systems are managed by Information Technology and Computing Services (ITCS) under the supervision of the University's Chief Information Officer. ITCS conducts extensive disaster recovery planning and testing on an annual basis, administers a University-wide vulnerability management process, facilitates an information security risk management program focused on continuous improvement, and directs a multi-layered approach to cybersecurity and protection.

For an ITCS approved and supported vulnerability management solution, ECU has adopted a security tool which enables system administrators to scan for, identify, and remediate critical vulnerabilities servers and network devices across campus. To supplement the University's vulnerability management plan and process managed through that internal security tool, ECU also leverages other trusted third parties for external vulnerability scanning of the University's network and domain.

Per ECU policy (Information Security Regulation), all ECU employees are required to complete information security awareness training within 30 days of employment and University designated refresher training on an annual basis.

The Information Security Office publishes three security manuals, aligned with ISO 27002 controls, designed to provide guidance to ECU employees in fulfilling responsibilities for protecting the information in their care. The three manuals cover guidelines pertinent for three different audiences, one manual for all University employees, another for managers and supervisors, and a third for IT support staff. Also offered at ECU are training opportunities related to numerous specialized topics, including HIPAA Privacy and Basic Security, HIPAA Security Rule, GDPR Compliance, PCI Standards and Requirements, vulnerability management, security incident response, and others.

As described in the University's Cyber Security Incident Response Plan, the University continually monitors security events that may indicate a possible compromise of IT security, policy, failure of controls, or a previously unknown situation that may be security relevant. The Cyber Security Incident Response Plan is complemented by the University's Privacy Incident Response Plan that is approved by the Chancellor.

Anomalous security events detected are analyzed to determine cyber incidents that may adversely impact business operations or threaten information security, which are investigated through formal incident response processes managed by the Cyber Security Operations Center (CSOC). Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the IT systems or data for the purposes of misappropriating assets or information or causing operational disruption and damage. ECU utilizes a SIEM (Security Information Event Management) which leverages logs and alerts from various IT systems to provide continuous security monitoring and threat intelligence to help IT staff better detect and respond to cyber incidents. ITCS also leverages security tools for digital forensic analysis, sensitive data scanning, and vulnerability scanning.

The University carries a cyber insurance policy. While ECU's cybersecurity and operational safeguards are periodically tested and audited, no assurances can be given by the University that such measures will provide a guarantee against cybersecurity threats and attacks from occurring. Cybersecurity breaches could cause material disruption to the University's finances or operations. The costs of remedying any such damage, or protecting against future attacks, could be substantial, and insurance may not be adequate to cover such losses or other resultant costs and expenses. Further, cybersecurity breaches could expose the University to material litigation and other legal risks, which could result in material costs related to such legal claims or proceedings.

AUDITED FINANCIAL STATEMENTS

The University adheres to financial reporting as prescribed by the American Council of Education, the National Association of College and University Business Officers, the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the North Carolina Office of the State Controller, and the North Carolina Office of the State Auditor. Funds held by the University are subject to audit by the North Carolina State Auditor and federal agency auditors. The University's financial statements for the fiscal year ended June 30, 2025, are attached hereto as Appendix B.

FINANCIAL INFORMATION

CONDENSED STATEMENT OF NET POSITION AS OF JUNE 30, 2022-2025 (IN 000'S)¹

	Restated ²			
	2022	2023	2024	2025
Assets				
Current Assets	\$ 437,310	\$ 467,042	\$ 495,189	\$ 535,710
Capital Assets, Net	1,294,248	1,276,886	1,282,560	1,331,633
Other Noncurrent Assets	142,218	153,758	168,090	214,026
Total Assets	1,873,776	1,897,686	1,945,839	2,081,369
Deferred Outflows of Resources	182,081	218,260	252,307	330,290
Liabilities				
Current Liabilities				
Long-Term Liabilities - Current Portion	35,198	33,661	32,725	38,240
Other Current Liabilities	66,143	63,586	72,874	94,082
Total Current Liabilities	101,341	97,247	105,599	132,322
Noncurrent Liabilities				
Long-Term Liabilities, Net	1,213,588	1,121,776	1,202,517	1,358,582
Other Noncurrent Liabilities	17,494	15,196	15,527	12,968
Total Noncurrent Liabilities	1,231,082	1,136,972	1,218,044	1,371,550
Total Liabilities	1,332,423	1,234,219	1,323,643	1,503,872

Deferred Inflows of Resources	328,194	308,894	211,100	135,152
Total Net Position	395,240	572,833	663,403	772,635
Net Position				
Net Investment in Capital	871,449	882,956	899,778	942,563
Restricted	140,926	151,669	173,692	200,772
Unrestricted	(617,135)	(461,792)	(410,067)	(370,700)
Total Net Position	\$ 395,240	\$ 572,833	\$ 663,403	\$ 772,635

¹ Due to rounding, financial information may slightly differ from audited financial statements

² As of July 1, 2022, the University implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. Net position was not restated due to the implementation; however, assets and liabilities were restated as a result of the implementation.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022-2025 (IN 000'S)¹**

	2022	2023	2024	2025
Operating Revenues:				
Student Tuition and Fees, Net	\$ 186,785	\$ 187,546	\$ 190,024	\$ 175,229
Patient Services, Net	243,122	244,761	257,223	295,707
Federal Grants and Contracts	44,205	46,146	47,624	46,832
State and Local Grants and Contracts	7,450	8,341	9,924	11,508
Nongovernmental Grants and Contracts	14,021	15,315	17,145	17,354
Sales and Services, Net	85,935	97,603	102,727	109,526
Interest Earnings on Loans	256	27	185	150
Other Operating Revenues	486	3,017	2,987	3,080
Lease Income	1,486	0	0	0
Total Operating Revenues	583,746	602,756	627,839	659,385
Operating Expenses:				
Salaries and Benefits	542,788	546,933	684,127	722,017
Supplies and Services	219,357	228,621	246,064	289,827
Scholarships and Fellowships	69,778	46,850	42,274	27,792
Utilities	18,028	19,626	18,591	19,251
Depreciation/ Amortization	41,821	50,890	52,256	57,949
Total Operating Expenses	891,772	892,920	1,043,312	1,116,835
Operating Loss	(308,026)	(290,164)	(415,473)	(457,450)
Non-Operating Revenues (Expenses)				
State Appropriations	329,264	355,729	368,693	380,442

State Aid Corona Virus Relief	8,347	0	0	0
Federal Aid Covid 19	45,347	14,368	1,810	1,039
Noncapital Grants - Student Financial Aid	54,792	54,422	57,114	67,658
Noncapital Contributions	18,281	20,720	32,403	27,829
Investment Income (Net of Investment Expense)	(7,005)	15,415	27,147	31,012
Interest and Fees on Debt	(12,160)	(12,219)	(11,157)	(11,503)
Federal Interest Subsidy on Debt	0	0	0	0
Interest Earned on Leases	22	40	0	0
Other Nonoperating Revenue (Expenses)	943	(1,243)	495	(1,690)
Net Nonoperating Revenues	437,831	447,232	476,505	494,787
Income Before Other Revenues	129,805	157,068	61,032	37,337
Capital Appropriations	22,673	0	0	0
Capital Grants	12,431	14,973	27,164	70,984
Capital Gifts	1,152	3,255	121	314
Additions to Endowments	3,160	2,297	2,253	597
Increase in Net Position	169,221	177,593	90,570	109,232
Net Position				
Net Position - July 1	226,019	395,240	572,833	663,403
Net Position - Ending	\$ 395,240	\$ 572,833	\$ 663,403	\$ 772,635

¹ Due to rounding, financial information may slightly differ from audited financial statements.

State Aid. The University receives a major portion of its revenues from the State's general fund in the form of annual appropriations for current operating expenditures. The State also makes annual appropriations and capital grants for capital improvements such as academic buildings, libraries, and laboratories. Appropriated funds from the State to the University are excluded from the definition of Available Funds.

**GENERAL FUND APPROPRIATIONS
(IN 000'S)**

FISCAL YEAR ENDED JUNE 30	OPERATING APPROPRIATIONS	CAPITAL GRANT AND APPROPRIATIONS	TOTAL STATE AID
2022	\$329,264	\$35,104	\$364,368
2023	355,729	14,973	370,702
2024	368,693	27,164	395,857
2025	380,442	70,984	451,426
2026 (budgeted)	377,018	130,408	507,426

The North Carolina General Assembly is required by law to meet on a biennial basis; a budget being adopted for the biennium in odd-numbered years. Since 1973, the North Carolina General Assembly

also has met in the second year of each biennium for the purpose of reviewing the State budget and financial condition. The Governor of North Carolina functions as director of the budget, with responsibilities for all phases of budgeting from initial preparation to final execution.

The base budget for the current 2025-27 biennium was appropriated by S.L. 2025-89, which became law on August 6th, 2025. Budget appropriations to the University totaled \$381,272,676, or about 8% per budgeted year of authorized appropriations to universities across the State, which totaled around \$4.6 billion.

The Board of Governors implemented a new, performance-based, funding model in 2023 to determine how much State funding the UNC System requests from the General Assembly for each of its universities based in part on the institutions’ ability to meet certain strategic goals. The model’s impacts have been incremental year-over-year but did not adjust the existing baseline revenue received by each school in the UNC System. The model incorporates performance weighting that bases State funding on the change in performance-weighted, resident student credit hours, which the Board of Governors believes will graduate more students, on-time, with less debt.

No State general funds have been or will be appropriated for the payment of the principal of or interest on the 2026 Bonds. No assurance can be given that the State will continue to appropriate funds to the UNC System at any particular level in the future.

Investments. The University’s investments provide funds to support its academic programs and student related activities. Long-term investments consist of endowment and similar funds. Investments available for current programs consist of unrestricted and restricted funds. Income from endowments is distributed to current unrestricted and restricted funds per donor designation or University policy, if unrestricted. Income from investments held in current funds is distributed at the University’s discretion.

Market Value of Cash and Investments

(In 000’s)

	2022	2023	2024	2025
Current Unrestricted Cash & Investments	\$ 317,809	\$ 344,458	\$ 367,377	\$ 385,996
Current Restricted Cash & Investments	43,677	46,398	52,596	72,291
Noncurrent Restricted Cash & Investments	57,200	62,276	66,723	101,548
Endowment Investments	65,419	71,837	82,281	93,544
Total Cash & Investments	\$ 484,105	\$ 524,969	\$ 568,977	\$ 653,379

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OUTSTANDING DEBT

As of June 30, 2025, the University had \$340,115,000 debt principal outstanding payable from Available Funds. As of June 30, 2025, ECU had approximately \$16.79 million of lease arrangements outstanding and \$36.89 million of subscription-based information technology arrangements (SBITA).

DEBT OUTLOOK

The University was authorized for \$60,000,000 for the comprehensive renovation of Jones Hall and Legacy Hall on its campus. In May 2025, the University issued its \$33,940,000 General Revenue Bonds, Series 2025 to finance the renovation of Legacy Hall and to provide funds for planning costs and, to the extent proceeds were available, other costs of the comprehensive renovation of Jones Hall. The 2026 Bonds are being issued to finance the completion of the renovations to Jones Hall. The University does not have any other immediate plans for additional indebtedness but continues to evaluate its capital needs each year and the appropriate method to finance such needs.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The University paid 100% of its annual required contributions to pension plans and other post-employment benefit plans administered by the State of North Carolina or the Board of Governors of the State of North Carolina through June 30, 2025. See Notes 13 and 14 in the University's June 30, 2025, audited financial statements for a full discussion of the pension plans and other post-employment benefit plans in which University employees participate.

Beginning the fiscal year ended June 30, 2015, the University recognized a liability for its proportionate share of the collective net pension liability of such plans in accordance with the Governmental Accounting Standard Board's Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27, which went into effect for fiscal years beginning after June 15, 2014. As a result of this new accounting pronouncement, the University restated its Net Position for June 30, 2014, by approximately \$63.8 million to recognize an actuarially determined deferred outflow for pensions of approximately \$16.6 million offset by a net pension liability-noncurrent of \$80.4 million.

On June 30, 2025, the University's net pension liability was \$202,212,095 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total pension liability to June 30, 2024. The University's proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially determined. As of June 30, 2024, the University's proportion was 1.36476%, which was an increase of 0.04210 from its proportion measured as of June 30, 2023, which was 1.32366%. For the year ended June 30, 2025, the University recognized pension expense of \$55,926,170. At June 30, 2025, the University reported deferred outflows of resources of \$98,546,421 and deferred inflows of resources of \$2,221,244 related to pensions.

Beginning the fiscal year ended June 30, 2018, the University recognized a liability for its proportionate share of the collective postemployment benefit plans other than pensions in accordance with the Governmental Accounting Standard Board's Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. As a result of this new accounting pronouncement, the University restated its net position for June 30, 2017, by approximately \$1.11 billion to recognize an actuarially determined deferred outflow for OPEB of approximately \$24.7 million, offset by a net OPEB liability noncurrent of \$1.14 billion.

At June 30, 2025, the University reported a liability of \$756,845,778 for its proportionate share of the collective net OPEB liability for Retired Health Benefit Fund (RHBF). The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB liability to June 30, 2024. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially determined. As of June 30, 2024, the University's proportion was 2.22519%, which was a decrease of 0.00953 from its proportion measured as of June 30, 2023, which was 2.23472%.

At June 30, 2025, the University reported an asset of \$789,546 for its proportionate share of the collective net OPEB liability for Disability Income Plan of North Carolina (DIPNC). The net OPEB asset was measured as of June 30, 2024. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB asset to June 30, 2024. The University's proportion of the net OPEB asset was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially determined. As of June 30, 2024, the University's proportion was 2.39794%, which was an increase of 0.08962 from its proportion measured as of June 30, 2023, which was 2.30832%. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to both RHBF and DIPNC of \$226,128,982, \$1,698,184, \$128,371,803 and \$1,304,533, respectively.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) ACTIVITIES

Article IX, Section 9 of the North Carolina State Constitution requires that "The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense." That constitutional mandate encourages a working compact among the State's elected officials, taxpayers, and the UNC System to deliver the University's multifaceted mission at the highest levels of quality in a cost-effective manner without regard to a student's ability to pay.

Strategic Plan – "Future focused. Innovation driven." is ECU's strategic plan for 2023–2028. A refresh of the University's 2017–2022 strategic plan, it highlights the intersection of ECU's mission, vision and values that set priorities for advancing the University. Mission priorities include student success, public service, and regional transformation. Vision priorities include social and economic mobility, workforce success, and rural health and well-being.

Student Focus – ECU is focused on improving four-year graduation rates and undergraduate degree efficiency, increasing the average student credit hours earned per year to promote timely degree attainment, reducing student debt at graduation for both first-time and transfer students, managing education and related expenses per degree, and enhancing sponsored research and licensing income to support innovation and discovery. Many of ECU's institutional priorities tie directly to student success metrics which include:

Data-Informed Student Retention Goals: Each college and the University will pursue clear, data-driven goals to improve student retention. By identifying areas of need and leveraging data to inform decisions, ECU aims to provide targeted support that fosters student success.

Enhanced Professional Advising for Undergraduates: Expanding and strengthening professional advising resources to guide undergraduate students toward timely and meaningful degree completion. Advisors play a crucial role in helping students navigate their academic journeys and ECU is committed to ensuring they have the tools and training needed to excel.

Transfer Student Support and Policy Reform: Transfer students are a vital part of ECU's campus community. Therefore, the University has instituted policies and practices to ensure a seamless transition and enhanced opportunities for success. From credit evaluations to integration initiatives, ECU's goal is to make it a top choice for transfer students.

Fundraising Alignment and Scholarship Optimization: Fundraising goals are strategically aligned to prioritize scholarships, reducing financial barriers for students. By optimizing scholarship practices, ECU makes the most of its resources to support access and affordability.

Campaigns for On-Time Degree Completion: Encouraging students to complete their degrees on time benefits both the individual and the institution. Through awareness campaigns and proactive support, ECU aims to increase the percentage of undergraduate students graduating within four years.

Future Focused of Resources - Established by Chancellor Rogers in September 2024, East Carolina University's Future Focused Resource Optimization Task Force made recommendations to strengthen ECU's capacity to optimize its fiscal health amidst enrollment shifts, state budget pressures, and other challenges. The Future Focused Resource Optimization Task Force was comprised of an Oversight Committee and two working groups with distinct charges and areas of focus. ECU is fortunate to have talented and committed personnel within the University community to provide this important service. The Operational Fiscal Health Working Group was charged with recommending prioritized strategies for optimal utilization of resources (e.g. space, fiscal processes, staff, etc.) in support of the multiple aspects of ECU's mission. The Academic Fiscal Health Working Group was charged with recommending prioritized mechanisms to optimize resources related to the academic enterprise in a way that allows ECU to maximize future enrollment, teaching, and research outcomes.

The Fiscal Health Initiative Update

In September 2025, the ECU community was charged with a clear and proactive goal: identify \$25 million in cost savings and efficiencies over three years to position ECU for long-term sustainability. That effort, representing approximately two percent of ECU's \$1.2 billion operating budget, was not a response to a crisis. Rather, it was—and remains—a strategic commitment to controlling our own destiny during a period of national transformation in higher education.

The fiscal year 2025–26 target is \$5 million in savings—the first installment toward the three-year goal. At the time of the September 2025 University Day announcement, \$4.2 million in cost savings had already been identified. Since then, the work of our academic and operational fiscal health workgroups has identified an additional \$2M and continued to advance across multiple fronts:

- **Academic portfolio optimization** through the Academic Portfolio Review and Optimization (APRO) process, resulting in the discontinuation of approximately 47 programs and ongoing improvement plans for 49 additional programs.
- **Organizational restructuring** in Information Technology and People Operations, Success and Opportunity, with phased implementation underway.
- **Consolidation and reorganization** of academic units, including the formation of the College of Health and Human Sciences, the merger of Academic Library Services with Laupus Library, and the transition of the Integrated Coastal Programs into the Thomas Harriot College of Arts and Sciences—all on track for the July 1, 2026 effective date.
- **Financial aid optimization** focused on improving the timing of scholarship and financial aid awards and enhancing student recruitment and retention.

ECU will continue its cost savings and efficiencies initiatives into fiscal year 2026-27.

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APPENDIX B
FINANCIAL STATEMENTS

East Carolina University

Greenville, NC



Financial Statement Audit Report

For the Year Ended June 30, 2025

State Auditor
Dave Boliek

A Constitutional Office of the
State of North Carolina





North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Auditor's Transmittal

The Honorable Josh Stein, Governor
The Honorable Phil Berger, President Pro Tempore
The Honorable Destin Hall, Speaker of the House
Honorable Members of the North Carolina General Assembly
Board of Trustees, East Carolina University
Dr. Philip Rogers, Chancellor

East Carolina University is an important economic engine and institution of higher education, and the success of its students is vital to the community. The University's medical center and dental school, strong STEM and liberal arts degree paths, and commitment to athletics provide opportunities for all North Carolinians to serve Eastern North Carolina and beyond. Given its reported revenues of \$1.2 billion and expenses of \$1.1 billion, maintaining proper financial control is valuable to the University's daily operations.

Through financial audits of universities and colleges, the North Carolina Office of the State Auditor assesses whether the records prepared by schools are materially correct. Our audit of East Carolina University's financial records shows no material errors for the year ended June 30, 2025. The audited statements make for a clean opinion and can be relied upon by management.

Clean audits exemplify responsible financial management, and I'm pleased East Carolina University has demonstrated such. With this audit, the University can build stronger relationships with the public and other government entities. I'd like to thank staff for their assistance and cooperation as we examined the University's finances.

Respectfully submitted,

Dave Boliek
State Auditor




REPORT SUMMARY

East Carolina University Financial Statement Audit

The Office of the State Auditor (OSA) is required¹ to perform annual financial statement audits at each of the constituent institutions within the University of North Carolina System.

Quick Highlights

 **Revenues:
\$1.2 Billion**

Expenses:  
\$1.1 Billion

Audit Results

- The University's financial statements for fiscal year ended June 30, 2025 are **accurate** and **reliable**.
- Our audit found **no material weaknesses in internal controls or instances of reportable noncompliance**.

Audit Purpose & Importance

Provide an opinion on whether the University's financial statements are materially correct and, if necessary, report any internal control weaknesses or noncompliance with laws and regulations.

The annual financial statement audit serves a vital role in promoting transparency, accountability, and trust in the University's financial operations.

While a formal process, the audit's impact extends to many members of the public, including:

- Students and families depend on financial stability to support access to quality education, scholarships, and services.
- Citizens and public officials expect responsible reporting of public funds and grants.
- Donors and alumni rely on accurate financial reporting to ensure contributions are used as intended.
- Faculty, staff, and administrators count on financial health to sustain programs, research, and long-term planning.
- Accrediting bodies and regulators use audited financial statements to assess compliance and viability.

Reports

The University's financial statement audit reports are available on our website at this [link](#).

Please review the report to fully understand the University's overall financial health and our reporting responsibilities.

A "clean" audit opinion supports public trust and demonstrates the University's commitment to responsible financial stewardship, assuring stakeholders that resources are being managed to fulfill the institution's mission.

¹ North Carolina General Statute 116-30.8



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Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.



Independent Auditor's Report



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Independent Auditor's Report

Board of Trustees
East Carolina University
Greenville, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of East Carolina University (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 unit, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of East Carolina University, and its discretely presented component unit, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of East Carolina University Foundation, Inc. and Consolidated Affiliates, the University's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for East Carolina University Foundation, Inc. and Consolidated Affiliates, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025 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.



Dave Boliek
State Auditor

Raleigh, North Carolina

November 10, 2025



Management's Discussion and Analysis

Introduction

East Carolina University (ECU or University) provides this Management's Discussion and Analysis to assist in understanding the financial statements and related notes for the fiscal year ended June 30, 2025. The University is one of the 16 universities in the University of North Carolina System (UNC System), a component unit of the State of North Carolina, and an integral part of the State's *Annual Comprehensive Financial Report*.

The University's financial report includes five financial statements:

- ECU Statement of Net Position, Proprietary Fund;
- ECU Statement of Revenues, Expenses, and Changes in Net Position, Proprietary Fund;
- ECU Statement of Cash Flows, Proprietary Fund;
- ECU Statement of Fiduciary Net Position; and
- ECU Statement of Changes in Fiduciary Net Position.

The financial report also includes two financial statements from the discretely presented component unit:

- ECU Foundation, Inc. and Consolidated Affiliates Consolidated Statements of Financial Position; and
- ECU Foundation, Inc. and Consolidated Affiliates Consolidated Statements of Activities.

Four Required Supplementary Information (RSI) schedules are provided as follows:

- Schedule of the Proportionate Share of the Net Pension Liability Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan;
- Schedule of University Contributions Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan;
- Schedule of the Proportionate Share of the Net OPEB Liability or Asset Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans; and
- Schedule of University Contributions Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans.

Presentation of Information

The University's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities.

In the fiscal year ended June 30, 2025, ECU implemented *GASB Statement No. 101, Compensated Absences* and *GASB Statement No. 102, Certain Risk Disclosures*. The objective of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The objective of GASB Statement No. 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Statement defines a concentration

as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

Per GASB standards, the University's Foundation is reported as a component unit in the financial statements and is excluded from this Management's Discussion and Analysis unless specifically noted. For more details on the University's component unit, see Note 1 to the Financial Statements.

This discussion and analysis provides an overview of the University's financial position and activities for the year ended June 30, 2025, emphasizing current year data and significant changes between the prior and current fiscal years. Comparative information for the year ended June 30, 2024, is provided where applicable. This overview has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements that are included in this annual report. The Statement of Net Position Proprietary Fund reports the University's overall financial position. The Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund provides a summation of the results of operations, and the Statement of Cash Flows Proprietary Fund identifies the sources of cash and how cash was used during the year. Management's Discussion and Analysis concentrates on the University's Proprietary Fund Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position as condensed comparative financial information is not required for fiduciary activities.

For the fiscal year ended June 30, 2025, the University's financial position remains stable. Net position increased \$109.2 million, reflecting general financial strength. The change in net position is a key measure of the sum effect of the University's fiscal year activities on its financial health. The University recognized approximately \$1.24 billion in revenues and incurred approximately \$1.13 billion in expenses.

Statement of Net Position Proprietary Fund

The Statement of Net Position Proprietary Fund presents a fiscal snapshot of the University's financial position at a point-in-time, specifically, as of June 30, 2025, and includes all assets, deferred outflows and inflows of resources, liabilities, and net position of the University. 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. Net position represents the residual interest in the University's assets and deferred outflows of resources net of its liabilities and deferred inflows of resources. The change in net position is an indicator of whether the overall financial condition of the University has improved or worsened during the year. The following table presents a summarized comparison of these accounts at a specific point in time, June 30, 2025 and 2024.

Condensed Statement of Net Position
Proprietary Fund
 (Dollars in Thousands)

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Assets			
Current Assets	\$ 535,710	\$ 495,189	\$ 40,521
Noncurrent Assets:			
Capital Assets - Depreciable, Net	1,180,237	1,192,423	(12,186)
Capital Assets - Nondepreciable	151,396	90,137	61,259
Other Noncurrent Assets	<u>214,026</u>	<u>168,090</u>	<u>45,936</u>
Total Assets	<u>2,081,369</u>	<u>1,945,839</u>	<u>135,530</u>
Deferred Outflows of Resources	<u>330,290</u>	<u>252,307</u>	<u>77,983</u>
Liabilities			
Current Liabilities:			
Long-Term Liabilities - Current Portion	38,240	32,725	5,515
Other Current Liabilities	<u>94,082</u>	<u>72,874</u>	<u>21,208</u>
Total Current Liabilities	<u>132,322</u>	<u>105,599</u>	<u>26,723</u>
Noncurrent Liabilities:			
Long-Term Liabilities, Net	1,358,582	1,202,517	156,065
Other Noncurrent Liabilities	<u>12,968</u>	<u>15,527</u>	<u>(2,559)</u>
Total Noncurrent Liabilities	<u>1,371,550</u>	<u>1,218,044</u>	<u>153,506</u>
Total Liabilities	<u>1,503,872</u>	<u>1,323,643</u>	<u>180,229</u>
Deferred Inflows of Resources	<u>135,152</u>	<u>211,100</u>	<u>(75,948)</u>
Net Position			
Net Investment in Capital Assets	942,563	899,778	42,785
Restricted	200,772	173,692	27,080
Unrestricted	<u>(370,700)</u>	<u>(410,067)</u>	<u>39,367</u>
Total Net Position	<u>\$ 772,635</u>	<u>\$ 663,403</u>	<u>\$ 109,232</u>
Total Assets + Deferred Outflows	\$ 2,411,659	\$ 2,198,146	\$ 213,513
Total Liabilities + Deferred Inflows	<u>(1,639,024)</u>	<u>(1,534,743)</u>	<u>(104,281)</u>
Total Net Position	<u>\$ 772,635</u>	<u>\$ 663,403</u>	<u>\$ 109,232</u>

This statement may slightly differ from the financial statements because of rounding.

Total assets and deferred outflows of resources increased by \$213.5 million. Total liabilities and deferred inflows of resources increased by \$104.3 million, for a net growth of \$109.2 million in the University's total net position.

Assets

Current assets increased \$40.5 million, primarily due to a \$38.3 million net increase in cash and cash equivalents. Unrestricted cash increased \$18.6 million, which includes approximately \$4.3 million of overhead reserves from increased grants and contracts activity, as well as \$15.2 million of reserves attributable to increased revenues across the University's enterprises and efforts to conserve resources for future needs. Restricted cash and cash equivalents increased \$19.7 million due to additional capital improvement funding of \$15.0 million to cover current payables related to various construction projects and an increase of \$6.8 million in grants and contracts due to an increase in research grants.

Depreciable capital assets, net decreased by \$12.2 million, which is largely due to a net increase in total accumulated depreciation/amortization of \$50.8 million. The increase in accumulated depreciation was the result of typical annual depreciation/amortization expense. The decrease in depreciable capital assets was partially offset by an increase in right-to-use subscription assets of

\$22.6 million and an increase in machinery and equipment of \$13.7 million. The increase in right-to-use subscription assets was primarily related to a 5-year \$20 million contract with Salesforce, a Customer Relationship Management (CRM) system that unifies sales, marketing, service, commerce, and IT into a single application. Machinery and equipment purchases included \$8.1 million in computer equipment and \$4.0 million in motor vehicles.

Nondepreciable capital assets increased by \$61.3 million due to construction in progress (CIP) balances increasing. CIP increased as on-going projects continued and as new projects began. The largest contributors to the increase include the new Center for Medical Education Building, the Howell Science Building South renovation, Mendenhall renovations, and various other construction projects. Refer to Note 6 - Capital Assets for more details.

Other net noncurrent assets increased by \$45.9 million. Restricted noncurrent cash increased by \$34.8 million as a result of additional funds being held at year end for capital improvements as well as issuance of the Series 2025 general revenue bonds for the renovation of Legacy and Jones Residence Halls. Additionally, endowment investments increased by \$11.3 million due to contributions and increased returns on endowment balances.

Deferred Outflows and Deferred Inflows of Resources

The deferred outflows of resources increase of \$78.0 million and deferred inflows of resources decrease of \$75.9 million are primarily derived from changes in net pension liability and net other postemployment benefits (OPEB) liability, due to valuation changes as determined by the plans' actuaries. These adjustments are provided annually by the state agencies referenced in Notes 13 and 14 and may vary widely year to year. Please refer to the notes for additional information regarding the University's participation in the Teachers' and State Employees' Retirement System (TSERS) and OPEB plans.

Liabilities

Current liabilities increased by \$26.7 million, primarily due to increases in accounts payable, capital accounts payable, and other accounts payable as compared to the prior year. Accounts payable increased \$5.8 million primarily due to an increase in noncapitalizable capital improvements. Capital accounts payable increased \$9.4 million due to an increase in construction during the period. Other accounts payable increased \$3.1 million, largely due to an increase in payables related to Project Kitty Hawk (PKH), a program designed for adult learners to follow a degree program at ECU. This is the second year of PKH providing services for ECU.

Total long-term liabilities increased by \$161.6 million overall, including a net increase of \$19.1 million related to capital debt. The net change in capital debt is a result of \$14.8 million in payments on outstanding bonds and an increase of \$33.9 million related to the Series 2025 general revenue bond issuance for dormitory renovations. Other long-term liabilities increased by \$142.4 million partially due to the net effect of an OPEB liability increase of \$160.7 million, and a pension liability decrease of \$18.3 million. Additionally, net Subscription-Based Information Technology Agreements (SBITA) related liabilities increased by \$7.6 million, primarily due to the \$20 million contract with Salesforce. The increase in SBITA liabilities is offset by continued contract payments. Net lease liabilities decreased by \$3.5 million primarily due to lease payments, and compensated absences related liabilities decreased by \$4.7 million due to implementation of GASB 101. Refer to Note 8 - Long-Term Liabilities for more details.

Net Position

The University's net position consists of three primary classifications: net investment in capital assets, restricted funds, and unrestricted funds. Net investment in capital assets increased \$42.8 million, restricted funds increased \$27.0 million, and unrestricted funds increased by \$39.4 million. The total net position increased by \$109.2 million.

The increase in net investment in capital assets is primarily due to the increase in construction in progress. Additional details are discussed in the Capital Assets section.

Restricted net position includes the University's permanent endowment fund and expendable funds subject to externally imposed restrictions governing their use. Increases in restricted net position are attributable to increased cash and investment balances discussed above.

The unrestricted portion of the University's net position is net equity available for any lawful purpose of the University. The deficit in unrestricted net position has been significantly affected by the reporting of net pension liability and net OPEB liability, and the related deferred outflows of resources and deferred inflows of resources. Excluding the effect of these items, the positive unrestricted net position grew from \$366.6 million to \$394.3 million, or \$27.7 million, primarily due to the changes in cash discussed above.

While the current ratio decreased from 4.7 on June 30, 2024 to 4.0 on June 30, 2025, the University's liquidity remains strong. The liquidity ratio, defined as current assets divided by current liabilities, indicates the University could pay its current obligations four times before current assets are exhausted. The University's available working capital, defined as current assets minus current liabilities, totaled \$403.4 million on June, 30, 2025, which is an increase of \$13.8 million. This measure of the University's ability to meet its short-term obligations is strengthening.

Statement of Revenues, Expenses and Changes in Net Position Proprietary Fund

The Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund presents revenues earned and expenses incurred during the fiscal year, providing information to evaluate the University's management of operations and maintenance of financial strength. Activities are classified and reported as operating, nonoperating, or other revenues. In general, operating revenues are generated by providing goods and services and operating expenses are incurred to acquire or produce the goods and services needed to fulfill the mission of the University. The University consistently shows an operational loss (operating revenues minus operating expenses) because public universities are dependent on state appropriations, which are not included in operating revenues. State appropriations, federal aid for COVID-19, noncapital contributions (grants and gifts), and investment income (net of investment expense) are classified as nonoperating because they are revenues received for which goods and services are not provided. When the nonoperating revenues, net of nonoperating expenses (chiefly interest and fee payments on capital assets), are added to the operational loss, the University shows income before other revenues of \$37.3 million. Other revenues include capital contributions (grants and gifts) and additions to endowments. When these other revenues are added, the University's net position increased by \$109.2 million. The University's total net position at June 30, 2025 was \$772.6 million. The following table presents a summarized comparison of the statements as of June 30, 2025 and June 30, 2024.

Management's Discussion and Analysis

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

Proprietary Fund

(Dollars in Thousands)

	2025	2024	Change
Operating Revenues			
Student Tuition and Fees, Net	\$ 175,229	\$ 190,024	\$ (14,795)
Patient Services, Net	295,707	257,222	38,485
Grants and Contracts	75,694	74,693	1,001
Sales and Services, Net	109,526	102,727	6,799
Other	3,229	3,172	57
Total Operating Revenues	659,385	627,838	31,547
Operating Expenses			
Salaries and Benefits	722,016	684,127	37,889
Supplies and Services	289,827	246,064	43,763
Scholarships and Fellowships	27,792	42,274	(14,482)
Utilities	19,251	18,591	660
Depreciation/Amortization	57,949	52,256	5,693
Total Operating Expenses	1,116,835	1,043,312	73,523
Operating Loss	(457,450)	(415,474)	(41,976)
Nonoperating Revenues (Expenses)			
State Appropriations and Aid	380,442	368,693	11,749
Federal Aid - COVID-19	1,039	1,810	(771)
Noncapital Contributions and Grants	95,487	89,518	5,969
Investment Income, Net	31,012	27,147	3,865
Interest and Fees on Debt	(11,503)	(11,157)	(346)
Other Nonoperating Revenue (Expenses)	(1,690)	495	(2,185)
Net Nonoperating Revenues	494,787	476,506	18,281
Income Before Other Revenues	37,337	61,032	(23,695)
Capital Contributions	71,298	27,285	44,013
Additions to Endowments	597	2,253	(1,656)
Increase in Net Position	109,232	90,570	18,662
Net Position - July 1	663,403	572,833	90,570
Net Position - June 30	\$ 772,635	\$ 663,403	\$ 109,232

Fiscal year 2024-2025 total revenues are \$1.240 billion and total expenses are \$1.130 billion. Expenses include investment expenses of \$342 thousand. Fiscal year 2023-2024 total revenues are \$1.145 billion and total expenses are \$1.055 billion. Expenses include investment expenses of \$324 thousand.

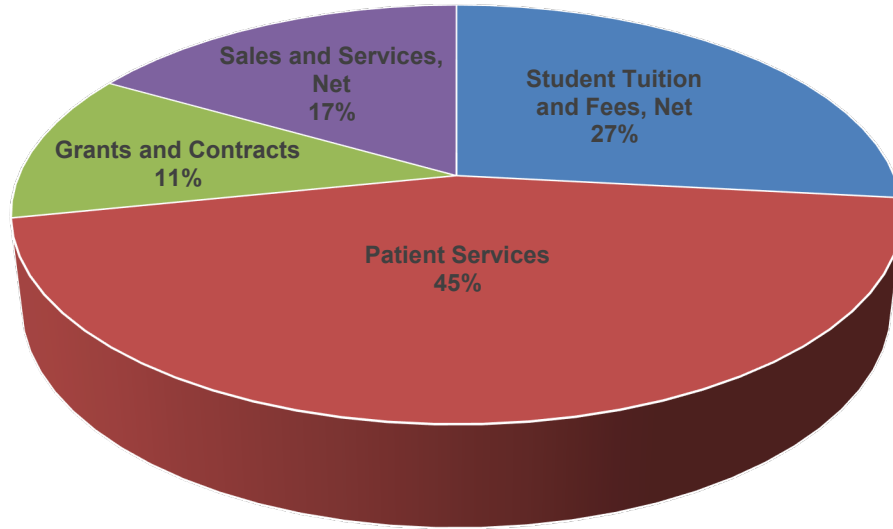
This statement may slightly differ from the financial statements because of rounding.

Operating Revenue

The University generates operating revenues by providing goods and services related to its instruction, research, and public service missions. Total operating revenues increased by \$31.5 million for fiscal year 2025. The largest change was a \$38.5 million increase in net patient service revenues due to continued efforts to increase clinic time proficiency and the physician incentive program being tied to clinic visits. The overall increase in operating revenues includes a net student tuition and fee revenue decrease of \$14.8 million for fiscal year 2025 that is primarily attributable to revisions by the National Association of College and University Business Officers (NACUBO) to the prescribed methodology for calculating the University's scholarship discounts and allowances. Independent of this revision, gross revenues related to student tuition and fees increased by \$13.6 million compared to prior year. The change is primarily due to an increase of \$7.0 million in First Day Course Material fees and \$4.3 million in Flightpath/Project Kitty Hawk tuition. Sales and services revenues increased by \$6.8 million this fiscal year as a result of increased auxiliary enterprises activities, including \$6.3 million in dining.

The following chart reflects each operating revenue component as it relates to total operating revenues:

**2025 Operating Revenues by Source
\$659.4 Million**

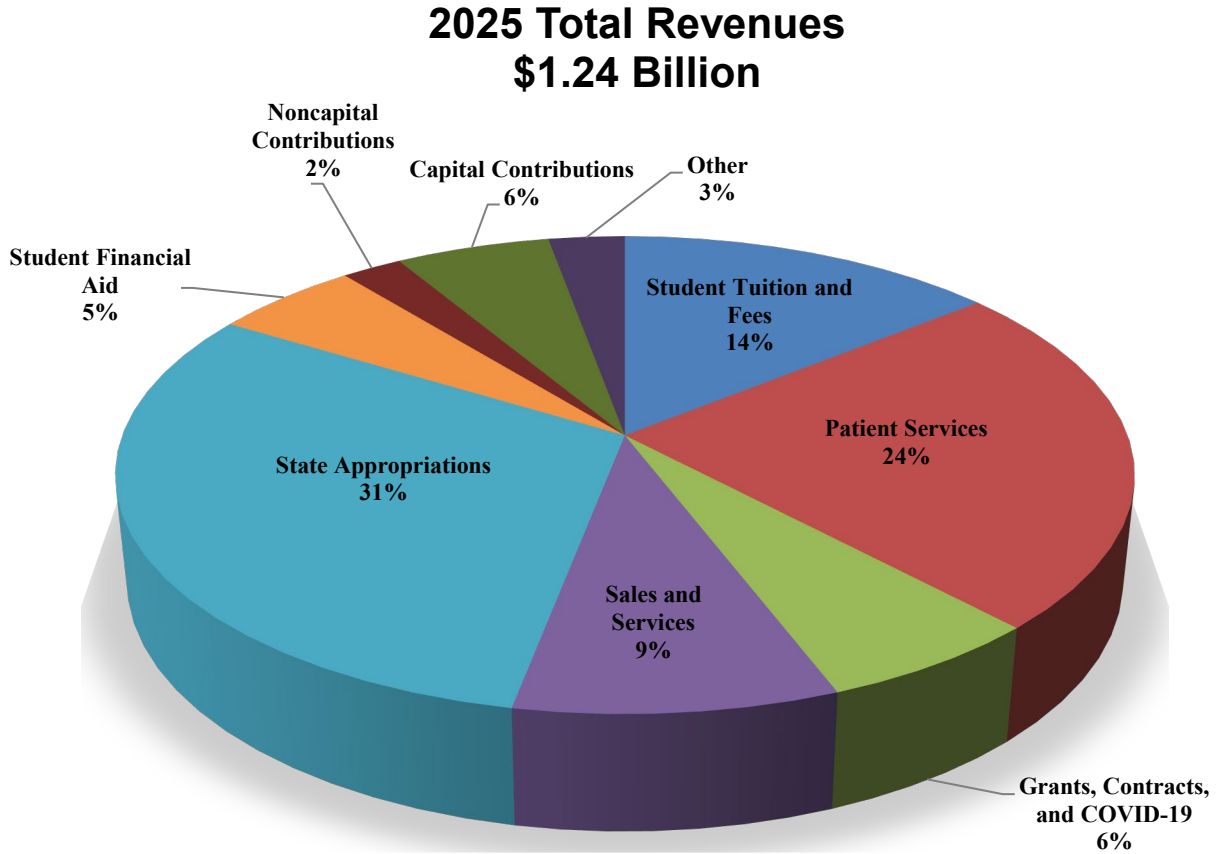


Nonoperating Revenues

The University generates revenues in addition to its principal operations. These items are classified as nonoperating and other. Total net nonoperating revenues increased \$18.3 million from the prior year. The largest changes include:

- An increase of \$6.0 million in noncapital contributions and grants. This growth is predominately related to increases in state and federal aid for need-based scholarship support programs.
- An increase of \$11.7 million in state appropriations. The increase in state appropriations is largely attributable to legislative salary increases and adjustments, as well as benefit rate increases.
- An increase of \$3.9 million in investment income due to improved financial market returns.
- Capital contributions increased by \$44.0 million. This increase is largely related to State Capital and Infrastructure Fund (SCIF) funding received for two projects; \$26.4 million related to the new Center for Medical Education Building and \$15.0 million for renovations to the Howell Science Building South.

The following chart illustrates the University's total revenues by source (operating, nonoperating, and other revenues) which totals approximately \$1.24 billion for fiscal year 2025.



Operating Expenses

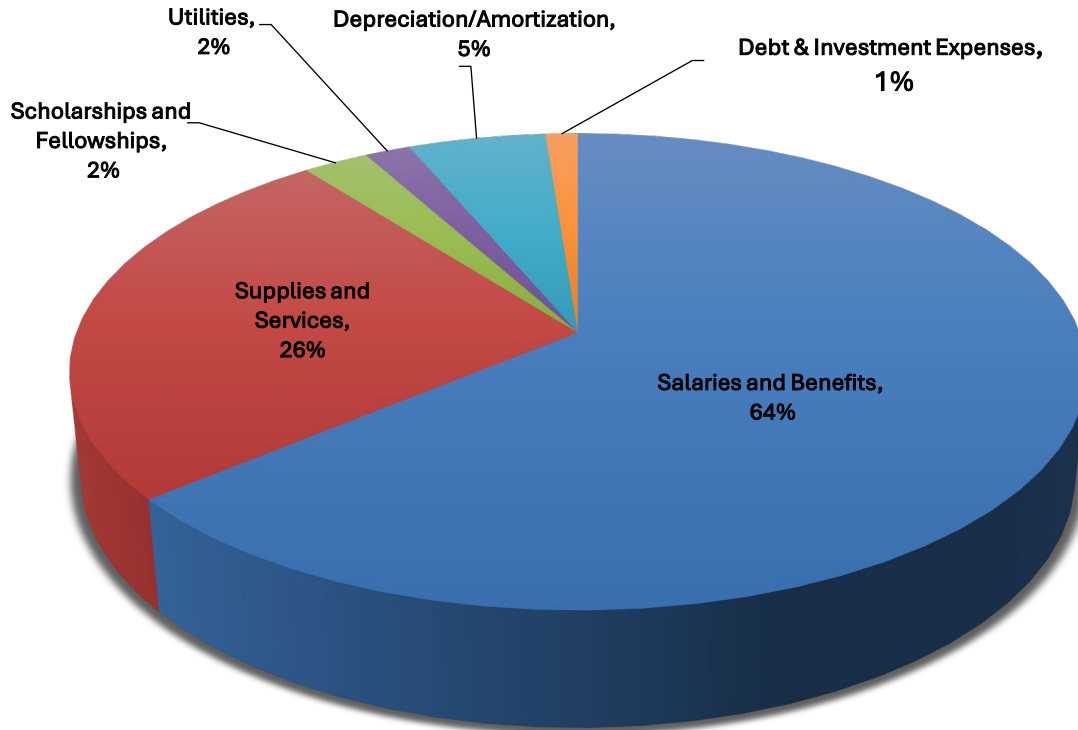
Total operating expenses were \$1.1 billion for fiscal year 2025. Operating expenses are the day-to-day expenses incurred to carry out the mission of the University and are reported by natural classification. Classification amounts changed at varying rates with an overall net increase of \$73.5 million.

Salaries and benefits increased \$37.9 million. The increase is largely attributable to pension and OPEB related amortization increases, as well as raises and incentive pay. Refer to Notes 13 and 14 for more information related to pension and OPEB.

Supplies and services increased \$43.8 million. The overall increase is largely attributable to increased expenses for pharmacy drugs and supplies, ECU First Day program course materials, library journals, ECU Health contracted expenses, and Project Kitty Hawk expenses.

Scholarships and fellowships expense decreased by a net of \$14.5 million. The expense decreased \$27.3 million due to the change in tuition discount methodology recommended by NACUBO. The decrease in scholarships and fellowships is partially offset by an increase of \$10 million in additional Pell and other need-based grant expenses.

2025 Total Expenses \$1.13 Billion



Total expenses for the fiscal year ending June 30, 2025, were \$1.13 billion, and include operating expenses, nonoperating investment income expenses, interest and fees on debt, and other nonoperating net expenses.

Capital Assets

Capital assets for the University are comprised of nondepreciable and depreciable assets. Nondepreciable assets include land and construction in progress. Depreciable assets include buildings, machinery and equipment, general infrastructure, computer software, right-to-use leased buildings, right-to-use leased machinery and equipment, and right-to-use subscription assets. Completed buildings comprise 66.4% of the University’s capital assets, net of accumulated depreciation.

The acquisition, construction and improvement of its capital assets are vital to the University’s mission. The University continues to implement its long-range plan to modernize older instructional, research, and residential facilities with renovations and new construction.

Capital assets on June 30, 2025 and June 30, 2024, are as follows:

Capital Assets

(Dollars in Thousands)

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 53,026	\$ 53,020	\$ 6
Construction in Progress	98,370	37,116	61,254
Buildings	1,277,577	1,278,887	(1,310)
Machinery and Equipment	218,677	204,951	13,726
General Infrastructure	218,450	215,620	2,830
Computer Software	13,336	13,336	-
Right-to-Use Leased Buildings	29,744	29,949	(205)
Right-to-Use Leased Machinery and Equipment	3,198	2,172	1,026
Right-to-Use Subscription Assets	72,148	49,564	22,584
Total Capital Assets	1,984,526	1,884,615	99,911
Accumulated Depreciation	<u>652,893</u>	<u>602,055</u>	<u>50,838</u>
Capital Assets, Net	<u>\$ 1,331,633</u>	<u>\$ 1,282,560</u>	<u>\$ 49,073</u>

Capital additions consist primarily of replacement, improvement, and new capital assets construction, as well as significant investments in equipment, including information technology (IT). The University's capital assets, as of fiscal year end 2025, are approximately \$1.3 billion. The University uses debt financing, student fees, state capital contributions, and University sources to provide funding for capital projects. The amount of construction in progress changes as construction costs on existing projects are incurred, completed projects are removed, and new projects are added. As construction projects are completed, depreciable assets increase with an appropriate increase in accumulated depreciation.

Capital Debt

The University uses revenue bonds, bonds from direct placements, notes from direct borrowings, and leases to finance construction projects and purchase equipment. According to the debt rating agencies, ECU continues to have a strong and steady credit rating based upon its stable operations. The latest evaluations were:

- On April 10, 2025, Standard & Poor's Global Rating (S&P) reaffirmed its AA- rating. Per S&P, "S&P Global Ratings assigned its AA- rating to the University of North Carolina Board of Governors' proposed \$32.6 million, tax-exempt series 2025 bonds issued for East Carolina University, N.C. (ECU). At the same time, S&P Global Ratings affirmed its 'AA-' rating on ECU's revenue debt outstanding. The outlook is stable."
- On April 10, 2025, Moody's Investors Service reaffirmed its Aa3 stable credit profile. Per Moody's, "ECU's credit profile is supported by its very good strategic position as an affordable regional provider of higher education and essential health care services. The university benefits from significant operating and capital support from the State of North Carolina (Aaa stable)."

On May 14, 2025, the University and the Board of Governors of the University of North Carolina issued \$33.9 million of general revenue bonds for the renovation of Legacy and Jones Residence Halls. The University expects to issue up to \$26.1 million of additional bonds in the future to finance the remaining costs of the Jones Residence Hall renovation.

As reflected in the following chart, total capital debt increased by \$19.1 million in fiscal year 2025. This was primarily derived from a decrease of \$14.8 million for continued payments on outstanding debt and an increase of \$33.9 million related to the Series 2025 general revenue bond issuance.

Capital Debt Summary
Dollars in Thousands

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenue Bonds Payable	\$ 320,215	\$ 298,805	\$ 21,410
Bonds from Direct Placements	19,900	22,215	(2,315)
Bond Discounts/Premiums	<u>12,188</u>	<u>12,196</u>	<u>(8)</u>
Total Capital Debt	<u><u>\$ 352,303</u></u>	<u><u>\$ 333,216</u></u>	<u><u>\$ 19,087</u></u>

Economic and Strategic Outlook

East Carolina University is dedicated to becoming a national exemplar for student success, community service, and regional development. Through education, research, healthcare, and community involvement, ECU positively impacts the lives of its students, the region, the state, and the world. Our strategic plan revolves around enhancing transformative learning experiences, fostering citizen engagement, and measuring success based on learners' accomplishments and regional growth. Our campus vision priorities focus on social and economic mobility, workforce development, and rural health and well-being.

Fall 2025 preliminary enrollment had a slight increase of 213 students based on headcount. Total headcount for the fall of 2025 was 27,153. ECU remains committed to investing in strategic enrollment initiatives to ensure continued growth and enhancement of student success.

Higher education is embarking on challenging times. Competition for enrollment is increasing as the college-age population declines and student needs and expectations are changing along with patterns in the workforce. To meet these challenges, East Carolina University is continuing its fiscal health initiative to maintain and build its ability to serve the community and North Carolina. The goals of this initiative will require enhancing revenue streams, while managing costs effectively. The University has started consolidating information technology services, human resources services, and reviewing academic programs. More cost saving plans are expected to be rolled out in this upcoming fiscal year.

In February of 2025, ECU was successful in securing Research 1 (R1) status and joined the ranks of the nation’s most prestigious academic institutions. This designation places ECU among 5% of institutions in the nation that are recognized for having the highest level of research activity. Research remains a central focus for ECU, with investments in people, resources, and facilities to address societal challenges and strategic priorities. As the only university in North Carolina with a medical school, a dental school and a college of engineering, East Carolina University is leading the way in creating important discoveries through research. Collaborations and innovative discoveries drive ECU's mission to advance rural progress, prosperity, and resilience. ECU's research efforts

resulted in \$328 million worth of proposals submitted in 2025 — a three-year growth rate of 30%. The State of North Carolina continues to provide strong financial support for the University of North Carolina System supporting initiatives such as employee salary raises, capital projects, and repair and renovation funding.

ECU Health, as part of the joint operating agreement with ECU, continues moving towards full clinical integration and the creation of a distinctive health system brand, ECU Health, to serve the 1.4 million residents of eastern North Carolina. The organizations' academic and clinical leadership continue to work together to transform and build on combined strengths to create a regional health care, research, and educational enterprise.

ECU is committed to the continued success of the University and its students. Management remains prudent, conservative, and strategic in managing the institution's financial affairs and remains dedicated to the University's mission of public service, regional transformation, and student success.

Contacting the University's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the University's finances and show accountability for all funds received. Additional financial information may be obtained by accessing the Financial Services webpage (<https://financialservices.ecu.edu/>) or contacting Financial Services at (252) 737-1133.



Financial Statements

**East Carolina University
Statement of Net Position
Proprietary Fund
June 30, 2025**

**Exhibit A-1
Page 1 of 2**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 385,995,764
Restricted Cash and Cash Equivalents	72,291,372
Receivables, Net (Note 5)	68,921,164
Due from University Component Units	299,186
Inventories	2,268,629
Notes Receivable, Net (Note 5)	295,758
Leases Receivable (Note 9)	64,120
Other Assets	5,573,606

Total Current Assets	535,709,599
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Noncurrent Assets:

Restricted Cash and Cash Equivalents	101,544,888
Receivables (Note 5)	12,505,389
Endowment Investments	93,543,659
Restricted Investments	3,439
Notes Receivable, Net (Note 5)	1,980,587
Leases Receivable (Note 9)	3,247,777
Investments in Joint Ventures	410,445
Net Other Postemployment Benefits Asset	789,546
Capital Assets - Nondepreciable (Note 6)	151,396,354
Capital Assets - Depreciable, Net (Note 6)	1,180,237,198

Total Noncurrent Assets	1,545,659,282
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Total Assets	2,081,368,881
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding	3,916,259
Deferred Outflows Related to Pensions	98,546,421
Deferred Outflows Related to Other Postemployment Benefits (Note 14)	227,827,166

Total Deferred Outflows of Resources	330,289,846
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LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	52,757,643
Due to Primary Government	7,951,074
Deposits Payable	918,292
Unearned Revenue	28,999,554
Interest Payable	3,455,011
Long-Term Liabilities - Current Portion (Note 8)	38,239,879

Total Current Liabilities	132,321,453
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**East Carolina University
Statement of Net Position
Proprietary Fund
June 30, 2025**

**Exhibit A-1
Page 2 of 2**

Noncurrent Liabilities:

Accounts Payable and Accrued Liabilities	260,303
Funds Held for Others	630,690
Unearned Revenue	8,081,572
U.S. Government Grants Refundable	3,995,854
Long-Term Liabilities, Net (Note 8)	1,358,581,736

Total Noncurrent Liabilities 1,371,550,155

Total Liabilities 1,503,871,608

DEFERRED INFLOWS OF RESOURCES

Deferred Gain on Refunding	69,401
Deferred Inflows Related to Pensions	2,221,244
Deferred Inflows Related to Other Postemployment Benefits (Note 14)	129,676,336
Deferred Inflows for Leases	3,185,057

Total Deferred Inflows of Resources 135,152,038

NET POSITION

Net Investment in Capital Assets 942,562,874

Restricted:

Nonexpendable:

True Endowments	49,980,871
Student Loans and Other	586,485

Total Restricted-Nonexpendable Net Position 50,567,356

Expendable:

Scholarships, Research, Instruction, and Other	56,711,646
Capital Projects	76,973,505
Debt Service	16,519,857

Total Restricted-Expendable Net Position 150,205,008

Unrestricted (370,700,157)

Total Net Position \$ 772,635,081

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

East Carolina University
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

Exhibit A-2

OPERATING REVENUES

Student Tuition and Fees, Net (Note 11)	\$ 175,229,218
Patient Services, Net (Note 11)	295,706,847
Federal Grants and Contracts	46,831,520
State and Local Grants and Contracts	11,507,868
Nongovernmental Grants and Contracts	17,354,088
Sales and Services, Net (Note 11)	109,525,651
Interest Earnings on Loans	149,527
Other Operating Revenues	3,079,850
	<hr/>
Total Operating Revenues	659,384,569

OPERATING EXPENSES

Salaries and Benefits	722,016,590
Supplies and Services	289,826,602
Scholarships and Fellowships	27,791,923
Utilities	19,250,726
Depreciation/Amortization	57,949,000
	<hr/>
Total Operating Expenses	1,116,834,841
	<hr/>
Operating Loss	(457,450,272)

NONOPERATING REVENUES (EXPENSES)

State Appropriations	380,441,526
Student Financial Aid	67,659,280
Federal Aid - COVID-19	1,038,621
Noncapital Contributions	27,828,847
Investment Income (Net of Investment Expense of \$341,576)	31,012,201
Interest and Fees on Debt	(11,503,076)
Other Nonoperating Expenses	(1,689,558)
	<hr/>
Net Nonoperating Revenues	494,787,841
	<hr/>
Income Before Other Revenues	37,337,569
	<hr/>
Capital Contributions	71,297,671
Additions to Endowments	596,954
	<hr/>
Total Other Revenues	71,894,625
	<hr/>
Increase in Net Position	109,232,194

NET POSITION

Net Position - July 1, 2024	<hr/> 663,402,887
Net Position - June 30, 2025	<hr/> \$ 772,635,081

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

**East Carolina University
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025**

**Exhibit A-3
Page 1 of 2**

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 660,477,273
Payments to Employees and Fringe Benefits	(738,887,670)
Payments to Vendors and Suppliers	(302,809,803)
Payments for Scholarships and Fellowships	(27,791,923)
Loans Issued	(12,600)
Collection of Loans	741,719
Interest Earned on Loans	162,101
Student Deposits Received	167,442
Student Deposits Returned	(1,003,209)
William D. Ford Direct Lending Receipts	122,893,025
William D. Ford Direct Lending Disbursements	(122,689,366)
Related Activity Agency Receipts	36,025,968
Related Activity Agency Disbursements	(35,732,203)
Other Receipts	190,137
	<hr/>
Net Cash Used by Operating Activities	(408,269,109)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	380,441,526
Student Financial Aid	66,620,466
Federal Aid - COVID-19	1,038,621
Noncapital Contributions	28,076,998
Additions to Endowments	596,954
	<hr/>
Total Cash Provided by Noncapital Financing Activities	476,774,565

CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES

Proceeds from Capital Debt	34,341,522
Capital Contributions	71,085,978
Proceeds from Lease Arrangements	184,606
Acquisition and Construction of Capital Assets	(75,363,634)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(34,138,912)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	(11,454,902)
	<hr/>
Net Cash Used by Capital Financing and Related Financing Activities	(15,345,342)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	3,529,092
Investment Income	24,645,585
Investment in Joint Ventures	230,855
Purchase of Investments and Related Fees	(8,410,136)
	<hr/>
Net Cash Provided by Investing Activities	19,995,396
	<hr/>
Net Increase in Cash and Cash Equivalents	73,155,510
	<hr/>
Cash and Cash Equivalents - July 1, 2024	486,676,514
	<hr/>
Cash and Cash Equivalents - June 30, 2025	\$ 559,832,024

**East Carolina University
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025**

**Exhibit A-3
Page 2 of 2**

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

Operating Loss	\$ (457,450,272)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	57,949,000
Allowances, Write-Offs, and Amortizations	(240,587)
Other Nonoperating Income	191,270
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(1,049,278)
Due from University Component Units	(50,478)
Inventories	354,878
Prepaid Assets	(859,895)
Notes Receivable, Net	729,119
Net Other Postemployment Benefits Asset	(789,546)
Deferred Outflows Related to Pensions	36,406,584
Deferred Outflows Related to Other Postemployment Benefits	(114,726,119)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	7,432,519
Due to Primary Government	(353,351)
Funds Held for Others	285,267
Unearned Revenue	2,354,561
Net Pension Liability	(18,301,555)
Net Other Postemployment Benefits Liability	160,967,414
Compensated Absences	(4,719,587)
Deposits Payable	(835,766)
Workers' Compensation Liability	683,172
Deferred Inflows Related to Pensions	(3,786,159)
Deferred Inflows Related to Other Postemployment Benefits	(72,460,300)
Net Cash Used by Operating Activities	<u>\$ (408,269,109)</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	\$ 40,177,669
Assets Acquired through a Gift	109,817
Change in Fair Value of Investments	6,366,617
Gain on Investment in Joint Ventures	200,074
Loss on Disposal of Capital Assets	(1,601,352)
Bond Issuance Cost Withheld	(229,544)
Amortization of Bond Premiums/Discounts	(639,769)
Amortization of Deferred Gain/Loss on Refunding	328,145
Increase in Receivables Related to Nonoperating/Other Revenues	1,178,728
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(230,263)
Decrease in Liabilities Due to Early Termination of Leases and Subscriptions	699,138

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

**East Carolina University
Statement of Fiduciary Net Position
Fiduciary Fund - Custodial Funds
June 30, 2025**

Exhibit B-1

	<u>Other Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 27,409,619
Total Assets	<u>27,409,619</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION	
Restricted for:	
Affiliated Organizations	<u>27,409,619</u>
Total Fiduciary Net Position	<u><u>\$ 27,409,619</u></u>

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

**East Carolina University
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Custodial Funds
For the Fiscal Year Ended June 30, 2025**

Exhibit B-2

	<u>Other Funds</u>
ADDITIONS	
Contributions:	
Affiliated Organizations	\$ 36,254,483
DEDUCTIONS	
Withdrawals and Distributions	16,723,741
Increase in Fiduciary Net Position	19,530,742
NET POSITION	
Net Position - July 1, 2024	7,878,877
Net Position - June 30, 2025	<u>\$ 27,409,619</u>

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

East Carolina University Foundation, Inc. and Consolidated Affiliates
Consolidated Statements of Financial Position
June 30, 2025

Exhibit C-1

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 10,631,855
Current Portion of Unconditional Promises to Give, Net	1,779,636
Prepaid Expenses	30,328
Other Receivables	61,371
	<hr/>
Total Current Assets	12,503,190

INVESTMENTS

Investments	236,589,473
Real Estate Held for Investment	1,166,079
	<hr/>
Total Investments	237,755,552

CAPITAL ASSETS

Capital Assets, Net	<hr/> 5,046,593
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OTHER ASSETS

Life Insurance Policy - Cash Surrender Value	313,226
Student Loans, Net	27,017
Beneficial Interest in Charitable Remainder Trusts and Annuities	4,353,229
Assets Held in Charitable Remainder Trusts and Annuities	172,977
Unconditional Promises to Give, Less Current Portion, Net	5,675,160
Other Assets	52,440
	<hr/>
Total Other Assets	10,594,049

TOTAL ASSETS

\$ 265,899,384

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 164,440
Accrued Expenses	558
Current Portion of Note Payable	172,043
Current Portion of Charitable Gift Annuities Payable	4,693
Agency Payables	299,186
Deferred Revenue	56,323
	<hr/>
Total Current Liabilities	697,243

LONG-TERM LIABILITIES

Note Payable, Less Current Portion	1,981,760
Charitable Gift Annuities Payable, Less Current Portion	20,406
Liabilities Under Charitable Remainder Trusts and Annuities	38,592
	<hr/>
Total Long-Term Liabilities	2,040,758

Total Liabilities	2,738,001
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NET ASSETS

Without Donor Restrictions	32,297,329
With Donor Restrictions	230,864,054
	<hr/>
Total Net Assets	263,161,383
	<hr/>
Total Liabilities and Net Assets	\$ 265,899,384

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

East Carolina University Foundation, Inc. and Consolidated Affiliates
Consolidated Statements of Activities
For the Fiscal Year Ended June 30, 2025

Exhibit C-2

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Contributions, Net	\$ 134,711	\$ 12,396,385	\$ 12,531,096
Gifts In-Kind	63,088	306,872	369,960
Contributed Services and Facilities	3,323,500	-	3,323,500
Return on Investments			-
Interest on Dividends	1,023,215	1,892,073	2,915,288
Net Realized and Unrealized Gains on Investments	5,252,143	19,919,193	25,171,336
Other Income, Net	563,315	461,251	1,024,566
Gain on Disposition of Property	150,500	38,977	189,477
Change in Value of Split Interest Agreements	29,532	1,567,978	1,597,510
Net Assets Released from Restrictions	12,699,591	(12,699,591)	-
	<u>23,239,595</u>	<u>23,883,138</u>	<u>47,122,733</u>
EXPENSES AND LOSSES			
Program Services			
Program Development	7,659,084	-	7,659,084
Scholarships and Awards	4,663,699	-	4,663,699
	<u>12,322,783</u>	<u>-</u>	<u>12,322,783</u>
General and Administrative	2,342,677	-	2,342,677
Fundraising	2,941,975	-	2,941,975
	<u>17,607,435</u>	<u>-</u>	<u>17,607,435</u>
Change in Net Assets	5,632,160	23,883,138	29,515,298
NET ASSETS			
Net Assets at Beginning of Year	26,615,691	207,030,394	233,646,085
Reclassification of Net Assets, Donor Stipulations and Board Match	49,478	(49,478)	-
Net Assets at End of Year	<u>\$ 32,297,329</u>	<u>\$ 230,864,054</u>	<u>\$ 263,161,383</u>

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



Notes to the Financial Statements

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. East Carolina University (University) is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*.

The accompanying financial statements present all funds belonging to the University and its component unit. 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 unit is discretely presented in the University's financial statements. See below for further discussion of the University's component unit. Other related foundations and similar nonprofit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

Discretely Presented Component Unit - East Carolina University Foundation, Inc. (Foundation) is a legally separate nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the University. East Carolina University Real Estate Foundation, Inc., Green Town Properties, Inc., and ECU Innovation Foundation, LLC are the consolidated affiliates of the Foundation.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The Foundation board consists of 65 members. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is reported in separate financial statements because of the difference in its reporting model, as described below.

The Foundation reports its 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 revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

During the year ended June 30, 2025, the Foundation distributed \$12,322,783 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the University Financial Services Office, 2200 Charles Blvd., Suite 2900, Greenville, NC 27858, or by calling (252) 737-1133.

- B. Basis of Presentation** - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, and GASB Statement No. 84, *Fiduciary Activities*, require the presentation of both proprietary and fiduciary fund financial statements. See below for a description of each fund.

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

Fiduciary Fund - This fund accounts for all of the University's fiduciary activities, which are considered custodial funds. These resources are held by the University in a purely custodial capacity on behalf of affiliated organizations. Custodial funds include resources held on behalf of two separately incorporated nonprofit foundations associated with the University. See Note 17 for detailed information regarding the nature of the fiduciary activities.

- 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, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

- E. Investments** - To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the value of investments is recognized as a component of investment income.

Money market mutual funds are reported at cost, if purchased, or at fair value or appraised value at date of gift, if donated.

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.

- F. **Receivables** - Receivables consist of tuition and fees charged to students, charges for services rendered to patients, 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, are valued at cost using either the first-in, first-out or last invoice cost method.
- H. **Capital Assets** - Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. The value of assets constructed includes all material direct and indirect construction costs.

The University capitalizes assets that have a value or cost of \$5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for internally generated computer software which is capitalized when the value or cost is \$1,000,000 or greater. In addition, grouped acquisitions of machinery and equipment that have an estimated useful life of more than one year and are \$5,000 or more in the aggregate are capitalized when considered significant.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	10-75 years
Machinery and Equipment	2-50 years
General Infrastructure	10-50 years
Computer Software	2-20 years

The University does not capitalize the library and art 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.

Right-to-use leased and subscription assets are recorded at the present value of payments expected to be made during the lease or subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Lease liabilities are capitalized as a right-to-use asset when the underlying leased asset has a cost of \$250,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of \$150,000 or greater and an estimated useful life of more than one year.

Amortization for right-to-use leased and subscription assets is computed using the straight-line method over the shorter of the lease/subscription term or the underlying asset's estimated useful life. If a lease agreement contains a purchase option the University is reasonably certain will be exercised, the right-to-use leased asset is amortized over the asset's estimated useful life.

- I. **Restricted Assets** - Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets, resources legally segregated for the payment of principal and interest as required by debt covenants, unspent debt proceeds, and endowment and other restricted investments.
- J. **Accounting and Reporting of Fiduciary Activities** - Pursuant to the provisions of GASB Statement No. 84, *Fiduciary Activities*, custodial funds that are normally expected to be received and disbursed within a 3-month period or otherwise do not meet the fiduciary activity criteria defined by GASB Statement No. 84 continue to be reported in the Statement of Net Position as funds held for others and as operating activities in the Statement of Cash Flows.

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

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

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

The net pension liability represents the University's proportionate share of the collective net pension liability reported in the State of North Carolina's 2024 *Annual Comprehensive Financial Report*. This liability represents the University's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 13 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

The net OPEB liability represents the University's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2024 *Annual Comprehensive Financial Report*. This liability represents the University's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. See Note 14 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

- L. Compensated Absences** - The University accrues a liability for earned leave that carries over to future periods and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. When determining the liability, leave is considered taken on a last in, first out (LIFO) basis.

Vacation Leave – Leave policies vary by employee group. For employees exempt from the State Human Resource Act, vacation is earned through the annual or personal leave programs established by the University of North Carolina Board of Governors. Leave is earned monthly and is subject to a maximum accumulated unused amount as of the end of each calendar year. The maximum amounts and the ability to convert amounts over the maximum to sick leave vary based on the program.

Bonus Leave – Bonus leave includes 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 to 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.

Sick Leave – Sick leave is earned monthly by eligible employees. The policy provides for the accumulation of unused sick leave to be carried forward until used. When employment is terminated, unused leave is forfeited or used to increase a member's creditable service for employees participating in the North Carolina Teachers' and State Employees' Retirement System (TSERS). Based on a historical analysis of sick leave taken compared to sick leave earned, the liability for unused sick leave using the LIFO method was determined to be insignificant. Therefore, no sick leave liability is recognized on the financial statements.

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

- N. Net Position** - The University's net position is classified as follows:

Proprietary Fund

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

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

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

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

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the University. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are always used first. Both restricted and unrestricted net position include consideration of deferred outflows of resources and deferred inflows of resources. See Note 10 for further information regarding deferred outflows of resources and deferred inflows of resources that had a significant effect on unrestricted net position.

Fiduciary Fund

Restricted Net Position - Fiduciary net position includes resources held in a custodial capacity for affiliated organizations that are not available for alternative use by the University.

- O. Scholarship Discounts** - Student tuition and fees revenues and auxiliary service revenues from University charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the University and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship discount. The allocation of the scholarship discounts to tuition and fees revenues and auxiliary service revenues was changed in fiscal year 2025 to follow updated guidance from the National Association of College and University Business Officers (NACUBO). The updated guidance recommended the allocation of scholarship discounts be based on an analysis of individual student account charges and financial aid payments from the student management information system versus the use of aggregated student financial aid and aggregated revenue amounts.
- P. Revenue and Expense Recognition** - The University classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing

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

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

- Q. Internal Sales Activities** - Certain institutional auxiliary operations provide goods and services to University departments, as well as to its customers. These institutional auxiliary operations include activities such as central stores, copy centers, postal services, and telecommunications. 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, 2025, the amount shown on the Statement of Net Position as cash and cash equivalents includes \$559,664,344 for the proprietary fund and \$27,409,619 for the fiduciary fund, which represents the University's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 2.1 years as of June 30, 2025. Assets and shares of the STIF are valued at

fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at <https://www.nctreasurer.com/> in the Audited Financial Statements section.

Cash on hand at June 30, 2025 was \$48,560. The carrying amount of the University's deposits not with the State Treasurer was \$119,120, and the bank balance was \$121,404. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk. As of June 30, 2025, the University's bank balance was not exposed to custodial credit risk.

B. Investments

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

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

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

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

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

Investments are subject to the following risks as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3*.

Interest Rate Risk: Interest rate risk is the risk the University may face should interest rate variances affect the value of investments. The University's Endowment Board has a formal policy that addresses interest rate risk. The policy states fixed income asset class is to reduce the overall volatility of the investment portfolio, to produce income in support of the spending needs, and to provide some protection against economic contraction and "flights to quality." Given its role within the portfolio, it is expected to be invested primarily in high-quality U.S. instruments. The portfolio may hold other securities opportunistically including non-U.S. and below investment-grade securities and cash. However, these holdings should be assessed within the total bond portfolio and its stated role. The University has no formal investment policy that addresses interest rate risk for investment other than those under the control of the Endowment Board.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. No single investment fund will represent more than 10% of Portfolio assets. Exception is made for passive investments (index funds and exchange-traded index funds). Concentration in any individual security is at the discretion of the individual investment managers. The Committee will consider the level of single-security concentration in determining the size of the investments made with each individual investment manager. The University does not have a formal policy that addresses credit risk for investments other than those under the control of the Endowment Board.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk that addresses custodial credit risk for investments other than those under the control of the Endowment Board.

Long-Term Investment Pool - This is an internal investment pool that is utilized for the investment of the endowment funds. Fund ownership is measured using the market unit valuation method. Under this method, each participating fund's investment balance is determined on its number of units owned. Valuation of the underlying assets is performed by the custodian. The investment strategy, including the selection of investment managers, is based on the directives of the Board of Trustees of the Endowment Fund.

The following table presents investments by type and investments subject to interest rate risk at June 30, 2025, for the Long-Term Investment Pool.

Long-Term Investment Pool

Investment Type	Amount	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
Debt Securities					
Debt Mutual Funds	\$ 3,455,229	\$ -	\$ -	\$ 3,455,229	\$ -
Money Market Mutual Funds	847,273	847,273	-	-	-
Total Debt Securities	4,302,502	<u>\$ 847,273</u>	<u>\$ -</u>	<u>\$ 3,455,229</u>	<u>\$ -</u>
Other Securities					
UNC Investment Fund	6,251,663				
International Mutual Funds	10,010,023				
Equity Mutual Funds	22,182,118				
Hedge Funds	16,402,206				
Private Equity Limited Partnerships	10,634,077				
Other Limited Partnerships	23,761,070				
Total Long-Term Investment Pool	<u>\$ 93,543,659</u>				

At June 30, 2025, investments in the Long-Term Investment Pool had the following credit quality distribution for securities with credit exposure:

	AAA Aaa
Debt Mutual Funds	\$ 3,455,229
Money Market Mutual Funds	847,273
Totals	<u>\$ 4,302,502</u>

Rating Agency: Morningstar

UNC Investment Fund, LLC - At June 30, 2025, the University’s investments include \$6,251,663, 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. 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 investments by type and investments subject to interest rate risk at June 30, 2025, for the University’s non-pooled investments.

Non-Pooled Investments

	Investment Maturities (in Years)
	Less Than 1
Money Market Mutual Funds	<u>\$ 3,439</u>

At June 30, 2025, the University’s non-pooled investments had the following credit quality distribution for securities with credit exposure:

	AAA Aaa
Money Market Mutual Funds	<u>\$ 3,439</u>

Rating Agency: Moody's and Standard and Poor's

Total Investments - The following table presents the total investments at June 30, 2025:

Investment Type	Amount
Debt Securities	
Debt Mutual Funds	\$ 3,455,229
Money Market Mutual Funds	850,712
Other Securities	
UNC Investment Fund	6,251,663
International Mutual Funds	10,010,023
Equity Mutual Funds	22,182,118
Hedge Funds	16,402,206
Private Equity Limited Partnerships	10,634,077
Other Limited Partnerships	<u>23,761,070</u>
Total Investments	<u>\$ 93,547,098</u>

Component Unit - Investments of the University’s discretely presented component unit, the East Carolina University Foundation, Inc., are subject to and restricted by G.S. 36E Uniform Prudent Management of Institutional Funds Act (UPMIFA) and any requirements placed on them by contract or donor agreements. Because the East Carolina University Foundation, Inc. reports under the FASB reporting model, disclosures of the various investment risks are not required. The following is an analysis of investments by type:

Investment Type	Amount
Common Stock	\$ 23,355
Mutual Funds	<u>84,926,477</u>
Total Marketable Securities	84,949,832
Alternative Investments	<u>151,639,641</u>
Total Investments	<u>\$ 236,589,473</u>

The consolidated financial statements include alternative investments consisting of private and public equity, private credit, venture capital, hedge funds, and fixed income that are valued at \$151,639,641 (64% of total investments) at June 30, 2025. Management has valued these investments using net asset value as the practical expedient to estimate fair values.

Note 3 - Fair Value Measurements

University - To the extent available, the University’s investments are recorded at fair value as of June 30, 2025. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a

hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity’s assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following table summarizes the University’s proprietary and fiduciary fund investments, including deposits in the Short-Term Investment Fund, within the fair value hierarchy at June 30, 2025:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by Fair Value Level				
Debt Securities				
Debt Mutual Funds	\$ 3,455,229	\$ 3,455,229	\$ -	\$ -
Other Securities				
International Mutual Funds	10,010,023	10,010,023	-	-
Equity Mutual Funds	22,182,118	22,182,118	-	-
Total Investments by Fair Value Level	35,647,370	\$35,647,370	\$ -	\$ -
Investments Measured at the Net Asset Value (NAV)				
Hedge Funds	16,402,206			
Private Equity Limited Partnerships	10,634,077			
Other Limited Partnerships	23,761,070			
Total Investments Measured at the NAV	50,797,353			
Investments as a Position in an External Investment Pool				
Short-Term Investment Fund	587,073,963			
UNC Investment Fund	6,251,663			
Total Investments as a Position in an External Investment Pool	593,325,626			
Total Investments Measured at Fair Value	\$ 679,770,349			

Short-Term Investment Fund - Ownership interests of the STIF are determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The University’s position in the pool is

hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following table summarizes the University's proprietary and fiduciary fund investments, including deposits in the Short-Term Investment Fund, within the fair value hierarchy at June 30, 2025:

	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by Fair Value Level				
Debt Securities				
Debt Mutual Funds	\$ 3,455,229	\$ 3,455,229	\$ -	\$ -
Other Securities				
International Mutual Funds	10,010,023	10,010,023	-	-
Equity Mutual Funds	22,182,118	22,182,118	-	-
Total Investments by Fair Value Level	<u>35,647,370</u>	<u>\$ 35,647,370</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at the Net Asset Value (NAV)				
Hedge Funds	16,402,206			
Private Equity Limited Partnerships	10,634,077			
Other Limited Partnerships	23,761,070			
Total Investments Measured at the NAV	<u>50,797,353</u>			
Investments as a Position in an External Investment Pool				
Short-Term Investment Fund	587,073,963			
UNC Investment Fund	6,251,663			
Total Investments as a Position in an External Investment Pool	<u>593,325,626</u>			
Total Investments Measured at Fair Value	<u>\$ 679,770,349</u>			

Short-Term Investment Fund - Ownership interests of the STIF are determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The University's position in the pool is

measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

UNC Investment Fund - Ownership interests of the UNC Investment Fund are determined on a market unit valuation basis each month and in accordance with the UNC Investment Fund's operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The University's position in the pool is measured and reported at fair value and the UNC Investment Fund is not required to be categorized within the fair value hierarchy.

Debt and Equity Securities - Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The following table presents the valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) at June 30, 2025:

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds^A				
CIM Enterprise Loan Fund, L.P.	\$ 968,297	\$ -	30 days	30 days
Davidson Kempner, L.P.	1,417,395	-	>90 days	65 days
Dorsal Capital Partners, Ltd.	598,650	-	>90 days	45 days
HBK Multi-Strategy Offshore Fund Ltd.	903,850	-	>90 days	90 days
Highbridge Tactical Credit Fund, Ltd.	1,122,547	-	>90 days	65 days
Hudson Bay International Fund Ltd.	880,213	-	>90 days	65 days
Junto Offshore Fund Ltd.	563,561	-	>90 days	45 days
MGG SF Evergreen Unlevered Fund LP	451,641	255,390	>90 days	90 days
Newtyn TE Partners, LP	588,800	-	>90 days	90 days
Palmer Square Income Plus Fund LLC	957,411	-	30 days	5 days
Trinity Street Commingled Global	1,654,397	-	>90 days	30 days
Wellington CTF Emerging Companies	2,585,638	-	30 days	8 days
Wellington Global Research Extended Fund Ltd.	3,709,806	-	30 days	10 days
Private Equity Limited Partnerships^B				
Dover Street XI Feeder Fund L.P.	1,285,670	1,920,000	Ineligible	N/A
FEG Private Opportunities Fund	163,647	25,750	Ineligible	N/A
FEG Private Opportunities Fund, II	382,222	22,500	Ineligible	N/A
FEG Private Opportunities Fund, III	1,284,681	36,000	Ineligible	N/A
FEG Private Opportunities Fund, IV	2,201,855	10,000	Ineligible	N/A
Kline Hill Offshore Feeder Fund, V	1,752,303	1,927,274	Ineligible	N/A
Kline Hill Offshore Feeder Fund, II	159,823	1,028,407	Ineligible	N/A
Monomoy Capital Partners, V	-	1,500,000	Ineligible	N/A
Northgate Private Equity Partners	3,948	12,000	Ineligible	N/A
Peppertree Capital Fund X QP, LP	799,453	1,098,000	Ineligible	N/A
Twin Bridge	2,065,181	303,648	Ineligible	N/A
UfenauVIII German Asset Light	-	1,591,515	Ineligible	N/A
Falcon Credit Opps	535,294	265,105	Ineligible	N/A
Other Limited Partnerships^C				
Acadian International Small Cap Fund	2,800,222	-	30 days	30 days
Arrowstreet Global Equity ACWI	2,836,444	-	30 days	7 days
Burgundy DST Smaller Companies	2,881,099	-	30 days	30 days
City of London CA International Equity CEF Fund	3,706,263	-	30 days	30 days
DoubleLine Core Plus Portfolio	4,312,785	-	30 days	1 day
GQG Partners Emerging Markets Equity Fund	1,019,488	-	30 days	4 days
Hull Street Energy Partners III, LP	49,019	1,143,792	Ineligible	N/A
Independent Franchise Partners Global Equity, L.P.	1,951,827	-	30 days	3 days
Orbis Institutional International Equity L.P.	2,947,245	-	30 days	1 day
PeakSpan Capital Growth Partners, IV, LP	25,993	1,165,230	Ineligible	N/A
Polunin Developing Countries Fund, LLC	1,230,685	-	30 days	7 days
Total Investments Measured at the NAV	\$ 50,797,353			

- A. Hedge Funds** - This type includes investments in thirteen hedge funds that are in the fund-of-funds category. The funds invest in both long and short positions across a globally allocated pool of various types of assets. The hedge fund investments pursue a variety of strategies, including real estate, debt, equity, and other hedging strategies. Management of each hedge fund has the ability to use leverage in the funds and to shift investments from value to growth strategies, from small to large capitalization stocks and from net long positions to net short positions. The fair values of the investments in this type have been determined using the NAV per share of the investments. Restriction periods ranged from 30 days to 90 days on these investments as of June 30, 2025.
- B. Private Equity Limited Partnerships** - This type includes investments in thirteen private equity funds that are funds-of-funds category. The funds generally invest in long positions across a globally allocated pool of various types of assets. The private equity investments include secondary funds, co-investment vehicles, and special situations investments. The fair value of the investments in this type has been determined using the NAV per share on the investments. A limited amount of the underlying managers use leverage in their return strategy. These are closed period funds which do not permit redemptions for an extended period of time or until the underlying managers liquidate and disburse funds.
- C. Other Limited Partnerships** - This type includes investments in eleven private limited liability entities. The limited liability funds holdings include fixed income, international equities, and stocks of small and medium sized companies. Each portfolio consists of a range of actively managed investments. The fair values of the investments in this type have been determined using the NAV per share of the investments. Nine of the funds have a 30-day redemption frequency and two do not permit redemptions for an extended period of time or until the underlying managers liquidate and disburse funds.

Component Unit - Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various valuation approaches within the FASB ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. FASB ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 - Valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. These valuation methodologies have not changed and are consistent with prior years.

Mutual funds listed on a national market or exchanges are valued at the last sales price. If there is no sale, and the market is considered still active, equity securities are valued at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy. Investments in real estate are valued based on independent appraisals and county tax records and are classified within Level 2 of the valuation hierarchy.

Investments in charitable remainder trusts and annuities are valued at the market price of the investments held and are classified as Level 2 of the valuation hierarchy. While the Foundation has access to a detailed listing of the underlying assets held in these trusts and annuities, the majority of which are publicly traded and readily available in active markets, the trusts themselves do not have daily quoted active market prices. Investments in these trusts and annuities are valued per share based on the market prices of the underlying assets.

Beneficial interest in charitable remainder trusts is valued at the market price of the investments and is classified as Level 3 of the valuation hierarchy. While the Foundation has access to a detailed listing of the underlying assets held in these trusts, the majority of which are publicly traded and readily available in active markets, the beneficial interests are determined through discounted cash flow analysis.

The fair value of the Foundation's charitable gift annuity obligations is based on the net present value of the anticipated benefit using the difference between the assets received and the original contribution. As beneficiary payments are made, the liability is adjusted based on an amortization schedule. The annuity obligations are included in Level 2 of the fair value hierarchy.

The fair value of liabilities under charitable remainder trusts is based on the net present value of the anticipated benefit payments from the trust for which the Foundation is both a beneficiary and trustee. As beneficiary payments are made, the life expectancy of the beneficiary decreases and discount rates fluctuate year to year, the Foundation adjusts the liability accordingly. The trust liabilities are included in Level 2 of the fair value hierarchy.

Notes to the Financial Statements

The following tables present assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2025:

	Financial Assets (Liabilities) at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Investments in Mutual Funds	\$ 84,926,477	\$ -	\$ -	\$ 84,926,477
Investments in Common Stock	23,355	-	-	23,355
Investments in Private Equity				
Funds Measured at Net Asset Value ^(a)	-	-	-	22,703,550
Investments in Private Credit Funds				
Measured at Net Asset Value ^(a)	-	-	-	764,710
Investments in Public Equity Strategies				
Measured at Net Asset Value ^(a)	-	-	-	54,433,009
Investments in Fixed Income				
Measured at Net Asset Value ^(a)	-	-	-	10,773,468
Investments in Hedge Funds				
Measured at Net Asset Value ^(a)	-	-	-	62,964,904
Total	84,949,832	-	-	236,589,473
Real Estate Held for Investment	-	1,166,079	-	1,166,079
Total Investments	\$ 84,949,832	\$ 1,166,079	\$ -	\$ 237,755,552
Investments in Charitable				
Remainder Trusts and Annuities	\$ -	\$ 172,977	\$ -	\$ 172,977
Beneficial Interest in Charitable				
Remainder Trusts	\$ -	\$ -	\$ 4,353,229	\$ 4,353,229
Liabilities Under Charitable Gift Annuities	\$ -	\$ (25,099)	\$ -	\$ (25,099)
Liabilities Under Charitable Remainder Trust	\$ -	\$ (38,592)	\$ -	\$ (38,592)

^(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Consolidated Statements of Financial Position.

There were no transfers among Level 1, Level 2, or Level 3 assets during the year ended June 30, 2025. When transfers occur, they are recognized at the end of the reporting period.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The Foundation's Board of Directors assesses and approves these policies and procedures. At least annually, management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30, 2025:

	Amount
Balance - Beginning of Year	\$ 2,986,458
Revaluation of Split Interest Agreements	1,366,771
Balance - End of Year	<u>\$ 4,353,229</u>

Revaluation of split interest agreements applicable to instruments valued using significant unobservable inputs (Level 3) shown on the previous page are included in the change in net assets for 2025 in the Consolidated Statements of Activities.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Foundation's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and ranges of values for those unobservable inputs.

Significant Unobservable Inputs at June 30, 2025				
	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Beneficial Interests in Charitable Remainder Trusts	\$ 4,353,229	Discounted Cash Flows	Payout Rate Discount Rate	5.5% - 7% 9.4%
Alternative Investments at June 30, 2025				
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Available)	Redemption Notice Period
Private Equity Funds:				
Dover Street XI Feeder Fund, LP	\$ 2,999,899	\$ 4,480,000	Ineligible	N/A
FEG Private Opportunities Fund, LP	3,853,247	154,500	Ineligible	N/A
FEG Private Opportunities Fund II, LP	981,884	135,000	Ineligible	N/A
FEG Private Opportunities Fund III, LP	2,293,334	54,000	Ineligible	N/A
FEG Private Opportunities Fund IV, LP	1,927,021	52,000	Ineligible	N/A
Hull Street Energy Partners III, LP	114,377	2,668,847	Ineligible	N/A
Kline Hill Offshore Feeder Fund V	4,088,701	4,496,979	Ineligible	N/A
Kline Hill Partners Offshore Feeder II	372,920	2,399,615	Ineligible	N/A
Monomoy Capital Partners V	-	3,500,000	Ineligible	N/A
Northgate Private Equity Partners	15,766	48,000	Ineligible	N/A
PeakSpan Capital Growth Partners IV, LP	60,650	2,718,871	Ineligible	N/A
Peppertree Capital Fund X QP, LP	1,865,391	2,562,000	Ineligible	N/A
Twin Bridge	4,130,360	607,297	Ineligible	N/A
Ufenau VIII Asset Light, SLP	-	3,713,535	Ineligible	N/A
Total Private Equity Funds	<u>22,703,550</u>	<u>27,590,644</u>		
Private Credit Funds:				
Falcon Private Opportunities VI	764,710	378,717	Ineligible	N/A
Venture Capital Funds:				
Blue Delta Capital Fund IV, LP	-	2,500,000	Ineligible	N/A
Public Equity Strategies:				
Acadian International Small Cap Fund	7,120,161	-	30 Days	30 Days
Arrowstreet Global Equity ACWI	6,933,637	-	30 Days	7 Days
Burgundy DST Smaller Companies	7,292,670	-	30 Days	30 Days
City of London CA International Equity CEF Fund	9,265,656	-	30 Days	30 Days
GQG Partners Emerging Markets Equity Fund	2,548,719	-	30 Days	4 Days
Independent Franchise Partners Global Equity, L.P.	4,879,568	-	30 Days	3 Days
Orbis Institutional International Equity, LP	7,204,376	-	30 Days	1 Day
Polunin Developing Countries Fund, LLC	3,076,713	-	30 Days	7 Days
Wellington CTF Emerging Companies	6,111,509	-	30 Days	8 Days
Total Public Equity Strategies	<u>54,433,009</u>	<u>-</u>		
Hedge Funds:				
CIM Enterprise Loan Fund, LP	2,259,359	-	30 Days	30 Days
Davidson Kempner, LP	3,284,151	-	>90 Days	65 Days
Dorsal Capital Partners, Ltd.	1,317,031	-	>90 Days	45 Days
HBK Multi-Strategy Offshore Fund, Ltd	2,259,626	-	>90 Days	90 Days
Highbridge Tactical Credit Fund, Ltd.	2,452,308	-	>90 Days	65 Days
Hudson Bay International Fund, Ltd.	2,200,532	-	>90 Days	65 Days
Junto Offshore Fund, Ltd.	1,352,546	-	>90 Days	45 Days
MGG SF Evergreen Unlevered Fund, LP	967,799	547,266	>90 Days	90 Days
Newtyn TE Partners, LP	1,413,121	-	>90 Days	90 Days
Palmer Square Income Plus Fund, LLC	2,379,982	-	30 Days	5 Days
Trinity Street Commingled Global	4,135,992	-	>90 Days	30 Days
UNC Investment Fund, LLC	29,667,942	-	Monthly	30 Days
Wellington Global Research Extended Fund, Ltd.	9,274,515	-	30 Days	10 Days
Total Hedge Funds	<u>62,964,904</u>	<u>547,266</u>		
Fixed Income:				
DoubleLine Core Plus Portfolio	10,773,468	-	30 Days	1 Day
Total Alternative Investments	<u>\$ 151,639,641</u>	<u>\$ 31,016,627</u>		

The Foundation invests in alternative investment vehicles as a hedge against broader market risks by further diversifying the portfolio holdings. Investments in both private equity and hedge funds are in the fund-of-funds category. The private equity investments include funds whose focus is on buyouts and distressed debt purchases. The hedge fund investments pursue a variety of strategies, including real estate, equity, and other hedging strategies.

The Foundation invests in diverse types of investment securities, which are exposed to various risks, such as interest rate, market, and credit risk. 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 such changes could materially affect the amounts reported in the Consolidated Statements of Financial Position.

Note 4 - 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.

Investment return of the University's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from eligible University endowment funds are based on an adopted spending policy which provides a distribution of 4% of the endowment fund's thirty-six month weighted average balance. The annual payout each fiscal year end is communicated to departments in the fall of the following fiscal year and posted to their expendable funds in the fall of the fiscal year following the communication. To the extent that the total return for the current year exceeds the payout and a 1.3% administrative fee, the excess is added to accumulated earnings unless donor restrictions require that it be added to the principal. If current year earnings do not meet the payout requirements, to the extent possible the University uses accumulated income and appreciation from restricted, expendable net position endowment balances to make up the difference. At June 30, 2025, net appreciation of \$41,614,802 was available to be spent, all of which was classified in net position as restricted for scholarships, research, instruction, and other as it is restricted for specific purposes.

Note 5 - Receivables

Receivables at June 30, 2025, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	\$ 8,536,885	\$ 2,500,000	\$ 6,036,885
Student Sponsors	745,647	-	745,647
Accounts	3,495,529	-	3,495,529
Intergovernmental	4,666,826	-	4,666,826
Patients	97,260,064	53,003,338	44,256,726
Grant Sponsors	8,352,992	-	8,352,992
Interest on Loans	76,638	-	76,638
Other	1,295,208	5,287	1,289,921
Total Current Receivables	\$124,429,789	\$ 55,508,625	\$ 68,921,164
Noncurrent Receivables:			
Athletic Seat Rights	\$ 7,232,556	\$ -	\$ 7,232,556
Patients	5,272,833	-	5,272,833
Total Noncurrent Receivables	\$ 12,505,389	\$ -	\$ 12,505,389
Notes Receivable:			
Notes Receivable - Current:			
Federal Loan Programs	\$ 337,233	\$ 41,975	\$ 295,258
Institutional Student Loan Programs	500	-	500
Total Notes Receivable - Current	\$ 337,733	\$ 41,975	\$ 295,758
Notes Receivable - Noncurrent:			
Federal Loan Programs	\$ 2,235,385	\$ 254,798	\$ 1,980,587

Note 6 - Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2025, is presented as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets, Nondepreciable:				
Land	\$ 53,020,370	\$ 6,011	\$ -	\$ 53,026,381
Construction in Progress	37,116,341	64,250,713	2,997,081	98,369,973
Total Capital Assets, Nondepreciable	90,136,711	64,256,724	2,997,081	151,396,354
Capital Assets, Depreciable:				
Buildings	1,278,887,015	132,206	1,442,599	1,277,576,622
Machinery and Equipment	204,951,107	21,047,564	7,321,385	218,677,286
General Infrastructure	215,620,142	2,829,548	-	218,449,690
Computer Software	13,335,538	-	-	13,335,538
Right-to-Use Leased Buildings	29,949,563	-	205,145	29,744,418
Right-to-Use Leased Machinery and Equipment	2,171,689	1,026,758	-	3,198,447
Right-to-Use Subscription Assets	49,563,776	23,027,160	442,877	72,148,059
Total Capital Assets, Depreciable	1,794,478,830	48,063,236	9,412,006	1,833,130,060
Less Accumulated Depreciation/Amortization for:				
Buildings	375,469,181	19,326,330	954,871	393,840,640
Machinery and Equipment	125,368,370	14,126,334	5,865,176	133,629,528
General Infrastructure	58,250,539	5,441,231	-	63,691,770
Computer Software	11,231,554	611,983	-	11,843,537
Right-to-Use Leased Buildings	11,128,062	3,812,208	-	14,940,270
Right-to-Use Leased Machinery and Equipment	1,418,338	504,115	-	1,922,453
Right-to-Use Subscription Assets	19,189,334	14,126,799	291,469	33,024,664
Total Accumulated Depreciation/Amortization	602,055,378	57,949,000	7,111,516	652,892,862
Total Capital Assets, Depreciable, Net	1,192,423,452	(9,885,764)	2,300,490	1,180,237,198
Capital Assets, Net	\$ 1,282,560,163	\$ 54,370,960	\$ 5,297,571	\$ 1,331,633,552

Notes to the Financial Statements

As of June 30, 2025, the total amount of right-to-use leased and subscription assets was \$32,942,865 and \$72,148,059, and the related accumulated amortization was \$16,862,723 and \$33,024,664, respectively.

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2025, were as follows:

	<u>Amount</u>
Current Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 11,520,919
Accounts Payable - Capital Assets	14,662,963
Accrued Payroll	20,125,566
Contract Retainage	1,820,788
Other	4,627,407
Total Current Accounts Payable and Accrued Liabilities	\$ 52,757,643

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, 2025, is presented as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Current Portion</u>
Long-Term Debt					
Revenue Bonds Payable	\$ 298,805,000	\$ 33,940,000	\$ 12,530,000	\$ 320,215,000	\$ 13,060,000
Bonds from Direct Placements	22,215,000	-	2,315,000	19,900,000	2,445,000
Plus: Unamortized Premium	14,732,674	1,211,130	760,064	15,183,740	-
Less: Unamortized Discount	2,536,259	580,064	120,295	2,996,028	-
Total Long-Term Debt	333,216,415	34,571,066	15,484,769	352,302,712	15,505,000
Other Long-Term Liabilities					
Arbitrage Rebate Payable	-	73,486	-	73,486	73,486
Lease Liabilities	20,324,577	1,026,758	4,565,040	16,786,295	4,149,960
Subscription (SBITA) Liabilities	29,332,308	22,986,754	15,428,011	36,891,051	14,912,381
Employee Benefits					
Compensated Absences	31,476,852	-	4,719,586	26,757,266	2,346,006
Net Pension Liability	220,513,650	-	18,301,555	202,212,095	-
Net Other Postemployment Benefits Liability	596,108,627	160,737,151	-	756,845,778	-
Workers' Compensation	4,269,760	2,099,629	1,416,457	4,952,932	1,253,046
Total Other Long-Term Liabilities	902,025,774	186,923,778	44,430,649	1,044,518,903	22,734,879
Total Long-Term Liabilities, Net	\$ 1,235,242,189	\$ 221,494,844	\$ 59,915,418	\$ 1,396,821,615	\$ 38,239,879

Additional information regarding lease and subscription (SBITA) liabilities is included in Note 9.

Additional information regarding the net pension liability is included in Note 13.

Additional information regarding the net other postemployment benefits liability is included in Note 14.

Additional information regarding workers' compensation is included in Note 15.

B. Revenue Bonds Payable and Bonds from Direct Placements - The University was indebted for revenue bonds payable and bonds from direct placements for the purposes shown in the following table:

Notes to the Financial Statements

Purpose	Series	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2025
Revenue Bonds Payable					
General Revenue Bonds Payable					
West Facility Student Center	2015A	3.0-5.0	10/01/2044	\$ 29,955,000	\$ 23,940,000
Refunding of 2009A Bonds Dining Project Croatan	2015A	3.0-5.0	10/01/2029	5,164,922	2,767,855
Refunding of 2009A Bonds Scott Residence Hall	2015A	3.0-5.0	10/01/2034	24,248,294	17,055,371
Refunding of 2009A Bonds Softball Field Project	2015A	3.0-5.0	10/01/2034	3,946,784	2,771,774
Refunding of 2006A Bonds College Hill Dormitory	2015A	3.0-5.0	10/01/2033	2,930,000	1,775,000
East Union Project	2016A	2.25-5.0	10/01/2045	102,730,000	81,785,000
Housing Projects (White, Clement, & Greene)	2016A	2.25-5.0	10/01/2045	37,190,000	30,780,000
Dowdy Ficklen Stadium Renovation	2018A	3.0-5.0	10/01/2047	51,685,000	45,955,000
Greene Residence Hall	2018A	3.0-5.0	10/01/2047	24,110,000	21,160,000
Refunding of 2010B Bonds Tyler Dorm Project (BAB)	2020	1.5-4.0	10/01/2030	6,121,043	3,944,241
Refunding of 2010B Bonds Olympic Sports Facility (BAB)	2020	1.5-4.0	10/01/2035	10,718,957	8,300,759
Refunding of 2014A Bonds Gateway East and West Housing Project	2021	1.02-3.0	10/01/2043	50,100,000	46,040,000
Housing Projects (Legacy Hall and Jones Hall)	2025	4.0-6.0	10/01/2054	33,940,000	33,940,000
Total General Revenue Bonds Payable				382,840,000	320,215,000
Bonds from Direct Placements					
Refunding of 2010A Pool Bonds East End Zone Project	2017A	2.19	10/01/2029	12,490,000	6,600,000
Refunding of Gen Rev Ref 2012 Bond - 2004C College Hill Bonds	2017B	1.99	10/01/2026	4,814,783	2,295,000
Refunding of Gen Rev Ref 2013A Bonds - 2004C College Hill Bonds	2023	2.22	10/01/2033	11,165,000	11,005,000
Total Bonds from Direct Placements				28,469,783	19,900,000
Total Revenue Bonds Payable and Bonds from Direct Placements (principal only)				\$ 411,309,783	340,115,000
Plus: Unamortized Premium					15,183,740
Less: Unamortized Discount					2,996,028
Total Revenue Bonds Payable and Bonds from Direct Placements, Net					\$ 352,302,712

C. Annual Requirements - The annual requirements to pay principal and interest on the long-term obligations at June 30, 2025, are as follows:

Fiscal Year	Annual Requirements			
	Revenue Bonds Payable		Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 13,060,000	\$ 10,887,897	\$ 2,445,000	\$ 408,877
2027	12,915,000	10,568,037	2,495,000	357,066
2028	13,400,000	10,077,980	2,780,000	300,239
2029	13,905,000	9,560,676	2,835,000	238,312
2030	14,465,000	9,016,370	2,905,000	175,006
2031-2035	73,145,000	37,680,925	6,440,000	289,820
2036-2040	67,715,000	26,572,045	-	-
2041-2045	75,395,000	14,110,858	-	-
2046-2050	26,820,000	3,755,744	-	-
2051-2055	9,395,000	1,094,512	-	-
Total Requirements	\$ 320,215,000	\$ 133,325,044	\$ 19,900,000	\$ 1,769,320

D. Debt Authorized but Unissued - At June 30, 2025, the University had \$26,060,000 in authorized but unissued revenue bonds.

E. Terms of Debt Agreements - The University's debt agreements are subject to the following collateral requirements and terms with finance-related consequences:

Revenue Bonds Payable and Bonds from Direct Placements – The University's outstanding revenue bonds of \$320,215,000 and bonds from direct placements of \$19,900,000 contain provisions that in the event of failure to pay in full any payments when due, the debt becomes immediately due and payable.

Note 9 - Leases and Subscription-Based Information Technology Arrangements

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

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

During the year ended June 30, 2025, the University recognized operating revenues related to lessor arrangements totaling \$136,474, and nonoperating lease interest income totaling \$120,174.

The University's lessor arrangements at June 30, 2025, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2025	Current Portion	Lease Terms	Interest Rate Range
Lessor:					
Land	<u>3</u>	<u>\$ 3,311,897</u>	<u>\$ 64,120</u>	23 - 24 years	3.66% - 3.94%

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

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

The University's lessee arrangements at June 30, 2025, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2025	Current Portion	Lease Terms	Interest Rate Ranges
Lessee:					
Right-to-Use Leased Buildings	10	\$ 15,575,375	\$ 3,630,109	1 - 6 years	0.83% - 2.68%
Right-to-Use Leased Machinery and Equipment	<u>4</u>	<u>1,210,920</u>	<u>519,851</u>	1 - 7 years	0.70% - 4.12%
Total	<u>14</u>	<u>\$ 16,786,295</u>	<u>\$ 4,149,960</u>		

C. Subscription-Based Information Technology Arrangements (SBITAs) - The University enters SBITAs for the right to use information technology software and cloud computing arrangement (network) assets from both external and related parties. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related

right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the University’s estimated incremental borrowing rate if there is no stated contractual interest rate.

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

The University’s SBITAs at June 30, 2025, are summarized below (excluding short-term SBITAs):

SBITA	Number of SBITAs	Subscription Liabilities (SBITA) June 30, 2025	Current Portion	SBITA Terms	Interest Rate Range
Right-to-Use Subscription Assets	51	\$ 36,891,051	\$ 14,912,381	1 - 5 years	2.02% - 3.33%

D. Annual Requirements - The annual requirements to pay principal and interest on leases and SBITAs at June 30, 2025, are as follows:

Fiscal Year	Annual Requirements			
	Lease Liabilities		SBITA Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 4,149,960	\$ 203,455	\$ 14,912,381	\$ 897,224
2027	3,760,078	160,337	10,990,723	611,665
2028	2,900,400	110,040	6,340,764	327,252
2029	2,340,854	73,654	4,551,712	138,954
2030	2,212,092	41,425	95,471	2,639
2031-2035	1,422,911	12,605	-	-
Total Requirements	\$ 16,786,295	\$ 601,516	\$ 36,891,051	\$ 1,977,734

Note 10 - Net Position

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

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	\$ (105,886,918)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(659,088,599)
Effect on Unrestricted Net Position	(764,975,517)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	394,275,360
Total Unrestricted Net Position	\$ (370,700,157)

Notes to the Financial Statements

See Notes 13 and 14 for detailed information regarding the amortization of the deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

Note 11 - Revenues

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

	Gross Revenues	Less Scholarship Discounts and Allowances	Less Allowance for Uncollectibles	Less Indigent Care and Contractual Adjustments	Net Revenues
Operating Revenues:					
Student Tuition and Fees, Net	\$ 254,168,777	\$ 76,786,183	\$ 2,153,376	\$ -	\$ 175,229,218
Patient Services, Net	\$ 562,188,569	\$ -	\$ 14,784,502	\$ 251,697,220	\$ 295,706,847
Sales and Services:					
Sales and Services of Auxiliary Enterprises:					
Residential Life	\$ 34,617,198	\$ 9,071,318	\$ -	\$ -	\$ 25,545,880
Dining	35,245,186	2,427,854	-	-	32,817,332
Health, Physical Education, and Recreation Services	2,754,153	-	-	-	2,754,153
Bookstore	1,582,721	-	-	-	1,582,721
Parking	4,138,774	-	-	-	4,138,774
Athletic	27,581,012	-	-	-	27,581,012
Other	2,290,497	-	-	-	2,290,497
Sales and Services of Education and Related Activities	12,815,282	-	-	-	12,815,282
Total Sales and Services, Net	\$ 121,024,823	\$ 11,499,172	\$ -	\$ -	\$ 109,525,651

Note 12 - Operating Expenses by Function

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

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation/Amortization	Total
Instruction	\$ 289,098,946	\$ 35,019,406	\$ -	\$ 72,918	\$ -	\$ 324,191,270
Research	27,973,766	17,685,952	-	2,387	-	45,662,105
Public Service	26,205,057	11,032,420	-	19,192	-	37,256,669
Academic Support	25,416,244	22,441,695	-	21,639	-	47,879,578
Student Services	13,259,504	1,608,931	-	-	-	14,868,435
Institutional Support	63,327,909	18,899,579	-	66,158	-	82,293,646
Operations and Maintenance of Plant	33,690,192	38,849,490	-	18,593,283	-	91,132,965
Student Financial Aid	-	-	27,791,923	-	-	27,791,923
Auxiliary Enterprises	243,044,972	144,289,129	-	475,149	-	387,809,250
Depreciation/Amortization	-	-	-	-	57,949,000	57,949,000
Total Operating Expenses	\$ 722,016,590	\$ 289,826,602	\$ 27,791,923	\$ 19,250,726	\$ 57,949,000	\$ 1,116,834,841

Note 13 - Retirement Plans

A. Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of

its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, LEAs, and certain proprietary component units along with charter schools that elect to join the Retirement System. Effective January 1, 2024, new employees hired by UNC Health Care or by certain components of East Carolina University, who were not actively contributing to TSERS immediately before they were hired by those entities, are not eligible to join TSERS. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

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

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The University's contractually-required contribution rate for the year ended June 30, 2025 was 16.79% of covered payroll. Plan members' contributions to the pension plan were \$14,772,338, and the University's contributions were \$41,337,925 for the year ended June 30, 2025.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2024 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.ncosc.gov/> or by calling the State Controller's Financial Reporting Section at 919-707-0500.

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

Methods Used to Value TSERS Investment: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2024 Annual Comprehensive Financial Report.

Net Pension Liability: At June 30, 2025, the University reported a liability of \$202,212,095 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total pension liability to June 30, 2024. The University’s proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2024, the University’s proportion was 1.36476%, which was an increase of 0.04210 from its proportion measured as of June 30, 2023, which was 1.32266%.

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

Valuation Date	12/31/2023
Inflation	2.5%
Salary Increases*	3.25% - 8.05%
Investment Rate of Return**	6.5%

* Salary increases include 3.25% inflation and productivity factor.

** Investment rate of return includes inflation assumption and is net of pension plan investment expense.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e., teacher, general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant

portions of the U.S. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost-of-living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (the measurement date) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	2.4%
Global Equity	6.9%
Real Estate	6.0%
Alternatives	8.6%
Opportunistic Fixed Income	5.3%
Inflation Sensitive	4.3%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2024 is 2.76%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2023 valuation. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2024 calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

Net Pension Liability		
1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
\$ 370,935,668	\$ 202,212,095	\$ 63,074,785

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2025, the University recognized pension expense of \$55,926,170. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	\$ 18,222,821	\$ 597,765
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,343,816	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	5,641,859	1,623,479
Contributions Subsequent to the Measurement Date	41,337,925	-
Total	\$ 98,546,421	\$ 2,221,244

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

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

Year Ending June 30:	Amount
2026	\$ 16,456,573
2027	42,962,233
2028	(862,337)
2029	(3,569,217)
Total	\$ 54,987,252

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

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

Participants contribute 6% of compensation and the University contributes 6.84%. For the year ended June 30, 2025, the University had a total payroll of \$492,670,554, of which \$246,464,924 was covered under ORP. Total employee and employer contributions for pension benefits for the year were \$14,787,895 and \$16,858,201, respectively. The amount of pension expense recognized in the current year related to ORP is equal to the employer contributions.

Note 14 - Other Postemployment Benefits

The University participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2024 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.ncosc.gov/> or by calling the State Controller's Financial Reporting Section at 919-707-0500.

A. Summary of Significant Accounting Policies and Plan Asset Matters

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

Methods Used to Value Plan Investments: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefit funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. Detailed descriptions of the

methods and significant assumptions regarding investments of the State Treasurer are provided in the *2024 Annual Comprehensive Financial Report*.

B. Plan Descriptions

1. Health Benefits

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

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

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

Benefits Provided: Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 15. The plan options change when the former employees become eligible for Medicare. The benefits provided include medical and pharmacy coverage for employees and their dependents. Non-Medicare eligible members have two self-funded options administered by the Plan while Medicare members have three options, including one self-funded option and two fully-insured Medicare Advantage/Prescription Drug Plan options. Self-funded medical and pharmacy claims costs are shared between the covered member and the Plan. If the self-funded plan is elected by a Medicare eligible member, the coverage is secondary to Medicare. Fully-insured claims include cost sharing from covered members with the remaining balance paid by the fully-insured carrier.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP),

and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the Plan's total noncontributory premium. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with five but less than 10 years of retirement service credit are eligible for coverage on a fully contributory basis.

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

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

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Act. The University's contractually-required contribution rate for the year ended June 30, 2025 was 6.99% of covered payroll. The University's contributions to the RHBF were \$34,437,672 for the year ended June 30, 2025.

In fiscal year 2023, the Plan transferred \$35 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2025, the University recognized noncapital contributions for RHBF of \$230,263.

2. Disability Income

Plan Administration: As discussed in Note 15, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS

which includes employees of the State, the University of North Carolina System, community colleges, certain participating component units and LEAs which are not part of the State's reporting entity, and the University Employees' ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

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

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits, by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee be at least age 62, and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, benefits are calculated in the same manner as described above except

that after the first 36 months of the long-term disability, no further long-term disability benefits are payable unless the employee has been approved and is in receipt of primary Social Security disability benefits.

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

Contributions: Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North Carolina General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2025 was 0.13% of covered payroll. The University's contributions to DIPNC were \$640,472 for the year ended June 30, 2025.

C. Net OPEB Liability (Asset)

Retiree Health Benefit Fund: At June 30, 2025, the University reported a liability of \$756,845,778 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB liability to June 30, 2024. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2024, the University's proportion was 2.22519%, which was a decrease of 0.00953 from its proportion measured as of June 30, 2023, which was 2.23472%.

Disability Income Plan of North Carolina: At June 30, 2025, the University reported an asset of \$789,546 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB liability to June 30, 2024. The University's proportion of the net OPEB asset was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2024, the University's proportion was 2.39794%, which was an increase of 0.08962 from its proportion measured as of June 30, 2023, which was 2.30832%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2024 utilizing update procedures incorporating the actuarial assumptions.

Notes to the Financial Statements

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2023	12/31/2023
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.0%
Healthcare Cost Trend Rate - Medical***	6.5% grading down to 5% by 2030	N/A
Healthcare Cost Trend Rate - Prescription Drug***	10% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Prescription Drug Rebates***	7% through 2030 grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	Premium adjustments for IRA impact through 2027, 6.17% in 2028 down to 5% by 2034	N/A
Healthcare Cost Trend Rate - Administrative***	3.0%	N/A
<p>* Salary increases include 3.25% inflation and productivity factor.</p> <p>** Investment rate of return is net of OPEB plan investment expense, including inflation.</p> <p>*** Disability Income Plan of NC eliminated employer reimbursements from the Plan (which included State Health Plan premiums) effective July 1, 2019.</p> <p>N/A - Not Applicable</p>		

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2024.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2024 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.4%
Global Equity	6.9%
Real Estate	6.0%
Alternatives	8.6%
Opportunistic Fixed Income	5.3%
Inflation Sensitive	4.3%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2024 is 2.76%.

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

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

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The RHBF is funded solely by employer contributions and benefits are dependent on membership requirements.

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

The actuarial assumptions used in the December 31, 2023 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as medical claims and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate: The discount rate used to measure the total OPEB liability for RHBF was 3.93% at June 30, 2024 compared to 3.65% at June 30, 2023. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at

the current statutorily determined contribution rate. Based on the above assumptions, the plan’s fiduciary net position was not projected to be available to make projected future benefit payments to current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% at June 30, 2024 and at June 30, 2023. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members.

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

Net OPEB Liability (Asset)			
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
RHBF \$	900,449,368	\$ 756,845,778	\$ 641,542,771

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC \$	(704,011)	\$ (789,546)	\$ (879,444)

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

Net OPEB Liability			
	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6%, Med. Advantage - 4% - 5.17%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 5% - 6.17%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 6% - 7.17%, Administrative - 4%)
RHBF \$	624,721,002	\$ 756,845,778	\$ 927,919,250

The sensitivity to changes in the healthcare cost trend rates is not applicable for DIPNC.

OPEB Expense: For the fiscal year ended June 30, 2025, the University recognized OPEB expense as follows:

<u>OPEB Plan</u>	<u>Amount</u>
RHBF	\$ 7,733,310
DIPNC	416,822
Total OPEB Expense	<u>\$ 8,150,132</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
Differences Between Actual and Expected Experience	\$ 6,168,735	\$ 318,303	\$ 6,487,038
Changes of Assumptions	182,279,367	11,774	182,291,141
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,243,208	619,844	3,863,052
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	-	107,791	107,791
Contributions Subsequent to the Measurement Date	<u>34,437,672</u>	<u>640,472</u>	<u>35,078,144</u>
Total	<u>\$ 226,128,982</u>	<u>\$ 1,698,184</u>	<u>\$ 227,827,166</u>

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
Differences Between Actual and Expected Experience	\$ -	\$ 908,148	\$ 908,148
Changes of Assumptions	98,677,237	367,844	99,045,081
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	<u>29,694,566</u>	<u>28,541</u>	<u>29,723,107</u>
Total	<u>\$ 128,371,803</u>	<u>\$ 1,304,533</u>	<u>\$ 129,676,336</u>

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

Year Ending June 30:	RHBF	DIPNC
2026	\$ (18,671,411)	\$ (302,842)
2027	2,562,809	(197,761)
2028	44,118,183	133,028
2029	35,309,926	70,968
2030	-	49,785
Thereafter	-	1
Total	\$ 63,319,507	\$ (246,821)

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.

A. Employee Benefit Plans

1. State Health Plan

University employees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims. See Note 14, Other Postemployment Benefits, for additional information regarding retiree health benefits.

2. Death Benefit Plan of North Carolina

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

3. Disability Income Plan

Short-term and long-term disability benefits are provided to University employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the University for up to twelve months. The Board of Trustees of the DIPNC may extend the short-term disability benefits for up to an additional twelve months. During the extended period of short-term disability benefits, payments are made directly by the DIPNC to the beneficiary. As discussed in Note 14, long-term disability benefits are payable as other

postemployment benefits from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

All state-owned vehicles are covered by liability insurance through a private insurance company and handled by the Office of State Fire Marshal within 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 Office of State Fire Marshal for the coverage.

The University is required by UNC Policy 1300.12 – Policy on Insurance Coverage to maintain all risk coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. The only exception to this would be certain properties scheduled for demolition, which are allowed to be covered for demolition and debris removal. Losses covered by the Fund are subject to a \$25,000 per occurrence deductible. Flood insurance losses on all properties are subject to a \$100,000 deductible.

2. Public Officers' and Employees' Liability Insurance

The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$2,000,000 per claim and \$5,000,000 in the aggregate per fiscal year via contract with private insurance companies. There is also an Excess Annual Aggregate Policy for an additional \$5,000,000 through another private insurance company. The University pays these premiums, based on a composite rate, payable through the North Carolina Association of Insurance Agents.

3. Employee Dishonesty and Computer Fraud

The University is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. Universities are charged a premium by the private insurance company. Coverage limit is \$5,000,000 per occurrence. The private insurance company pays 90% of each loss less a \$100,000 deductible.

4. Statewide Workers' Compensation Program

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

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

5. Other Insurance Held by the University

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 policies purchased include: professional liability, midwifery liability, medical malpractice, accident and health, athletic accident and travel, commercial crime and theft, surety bond, student internship liability, youth camps and programs accident, watercraft, oceanographic equipment, leased equipment, boiler and machinery, inland marine property, drones, cyber insurance, fine arts, musical instruments, international students, study abroad students, business travel, and policies as the need for additional coverage arises.

The University (Brody School of Medicine) procures insurance through a segregated cell, identified as Buccaneer Cove, under the Channel Marker Insurance Company, SPC, a captive insurance company established by ECU Health. This claims-made medical malpractice professional liability policy was purchased with the approval by the North Carolina Department of Insurance.

The University (Brody School of Medicine) provides medical malpractice insurance for Brody School of Medicine medical students, faculty physicians, nurse practitioners, physician assistants, certified nurse midwives and other clinical staff. Effective March 30, 2024, each individual faculty physician, physician assistant, nurse practitioner and certified nurse midwife has coverage of \$7,000,000 per occurrence with \$16,000,000 annual aggregate coverage. The primary layer of medical malpractice insurance includes a \$200,000 per claim deductible with an annual aggregate of \$1,000,000. There is also a shared, excess policy in the amount of \$10,000,000 per occurrence and in aggregate. Both the primary and excess policies of medical malpractice insurance are provided by the Channel Marker Insurance Company, SPC, and purchased with the approval of the North Carolina Department of Insurance. Additionally, Channel Marker provides a shared blanket general liability policy for all other clinical employees of the Brody School of Medicine with coverage of \$3,000,000 per claim and \$5,000,000 annual aggregate.

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 \$258,899,111 and on other purchases were \$35,565,478 at June 30, 2025.
- B. Pending Litigation and Claims** - The University is a party to 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

Foundations - There are two separately incorporated nonprofit foundations associated with the University. These foundations are the East Carolina University Educational Foundation and the East Carolina University Medical and Health Science Foundation, Inc.

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. The University's financial statements do not include the assets, liabilities, net position, or operational transactions of the foundations, except for amounts reported within the fiduciary statements and support from each organization to the University. This support approximated \$14,670,109 for the year ended June 30, 2025. The University had receivables from the related parties of \$232,261 as of June 30, 2025.

Note 18 - Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2025, the University implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 101, Compensated Absences

GASB Statement No. 102, Certain Risk Disclosures

GASB Statement No. 101 updates the recognition, measurement, and disclosure requirements for compensated absences. This Statement supersedes GASB Statement No. 16, *Accounting for Compensated Absences*, which was issued in 1992, and aims to better meet the information needs of financial statement users by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. Lastly, the model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

GASB Statement No. 102 improves financial reporting by providing users of financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.



Required Supplementary Information

**East Carolina University
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
Last Ten Fiscal Years***

Exhibit D-1

Teachers' and State Employees' Retirement System	2025	2024	2023	2022	2021
Proportionate Share Percentage of Collective Net Pension Liability	1.36476%	1.32266%	1.24293%	1.32398%	1.36726%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 202,212,095	\$ 220,513,650	\$ 184,478,629	\$ 61,996,701	\$ 165,192,312
Covered Payroll	\$ 242,113,965	\$ 227,481,885	\$ 210,189,397	\$ 209,041,007	\$ 220,372,744
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	83.52%	96.94%	87.77%	29.66%	74.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.35%	82.97%	84.14%	94.86%	85.98%
	2020	2019	2018	2017	2016
Proportionate Share Percentage of Collective Net Pension Liability	1.40030%	1.41399%	1.38227%	1.33500%	1.34568%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 145,168,499	\$ 140,778,103	\$ 109,675,398	\$ 122,700,291	\$ 49,590,972
Covered Payroll	\$ 216,897,740	\$ 207,352,661	\$ 199,309,636	\$ 193,108,255	\$ 190,483,460
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	66.93%	67.89%	55.03%	63.54%	26.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.56%	87.61%	89.51%	87.32%	94.64%

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

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

**East Carolina University
Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
Last Ten Fiscal Years**

Exhibit D-2

Teachers' and State Employees' Retirement System	2025	2024	2023	2022	2021
Contractually Required Contribution	\$ 41,337,925	\$ 42,708,904	\$ 39,536,352	\$ 34,429,023	\$ 30,896,261
Contributions in Relation to the Contractually Determined Contribution	<u>41,337,925</u>	<u>42,708,904</u>	<u>39,536,352</u>	<u>34,429,023</u>	<u>30,896,261</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 246,205,630	\$ 242,113,965	\$ 227,481,885	\$ 210,189,397	\$ 209,041,007
Contributions as a Percentage of Covered Payroll	16.79%	17.64%	17.38%	16.38%	14.78%
	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 28,582,345	\$ 26,656,732	\$ 22,352,617	\$ 19,891,102	\$ 17,669,405
Contributions in Relation to the Contractually Determined Contribution	<u>28,582,345</u>	<u>26,656,732</u>	<u>22,352,617</u>	<u>19,891,102</u>	<u>17,669,405</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 220,372,744	\$ 216,897,740	\$ 207,352,661	\$ 199,309,636	\$ 193,108,255
Contributions as a Percentage of Covered Payroll	12.97%	12.29%	10.78%	9.98%	9.15%

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

East Carolina University
Notes to Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
For the Fiscal Year Ended June 30, 2025

Changes of Benefit Terms:

Teachers' and State Employees' Retirement System	Cost of Living Increase									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	N/A	N/A	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A

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

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

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

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

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

Benefit recipients of the TSERS will receive a one-time benefit supplement payment equal to 4% of the member's annual benefit amount, paid in November 2023, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2024. The one-time supplement does not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

Effective January 1, 2024, new employees hired by UNC Health Care or by certain components of East Carolina University, who were not actively contributing to TSERS immediately before they were hired by those entities, are not eligible to join TSERS.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each year for the plan. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results. See Note 13 for more information on the specific assumptions for the plan. The actuarially determined contributions for those items with covered payroll were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: In January 2021, the actuarial assumptions for the TSERS were updated to more closely reflect actual experience.

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

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

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2024 *Annual Comprehensive Financial Report*.

N/A - Not Applicable

**East Carolina University
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Nine Fiscal Years***

**Exhibit D-3
Page 1 of 2**

Retiree Health Benefit Fund	2025	2024	2023	2022	2021
Proportionate Share Percentage of Collective Net OPEB Liability	2.22519%	2.23472%	2.25405%	2.34393%	2.42664%
Proportionate Share of Collective Net OPEB Liability	\$ 756,845,778	\$ 595,494,706	\$ 535,266,896	\$ 724,638,339	\$ 673,169,944
Covered Payroll	\$ 480,576,519	\$ 447,234,830	\$ 422,848,709	\$ 419,278,004	\$ 437,186,008
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	157.49%	133.15%	126.59%	172.83%	153.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.79%	10.73%	10.58%	7.72%	6.92%
	2020	2019	2018	2017	
Proportionate Share Percentage of Collective Net OPEB Liability	2.43634%	2.42398%	2.27894%	2.61367%	
Proportionate Share of Collective Net OPEB Liability	\$ 770,846,234	\$ 690,547,382	\$ 747,188,074	\$ 1,137,035,289	
Covered Payroll	\$ 432,020,151	\$ 415,110,052	\$ 398,444,199	\$ 384,271,288	
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	178.43%	166.35%	187.53%	295.89%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	4.40%	3.52%	2.41%	

**East Carolina University
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Nine Fiscal Years***

**Exhibit D-3
Page 2 of 2**

Disability Income Plan of North Carolina	2025	2024	2023	2022	2021
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	2.39794%	2.30832%	2.24239%	2.30302%	2.48275%
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ (789,546)	\$ 613,921	\$ 667,066	\$ (376,175)	\$ (1,221,364)
Covered Payroll	\$ 480,576,519	\$ 447,234,830	\$ 422,848,709	\$ 419,278,004	\$ 437,186,008
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.16%	0.14%	0.16%	0.09%	0.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	114.99%	90.61%	90.34%	105.18%	115.57%
	2020	2019	2018	2017	
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	2.50656%	2.52753%	2.45914%	2.42370%	
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ (1,081,581)	\$ (767,763)	\$ (1,503,026)	\$ (1,505,118)	
Covered Payroll	\$ 432,020,151	\$ 415,110,052	\$ 398,444,199	\$ 384,271,288	
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.25%	0.18%	0.38%	0.39%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	113.00%	108.47%	116.23%	116.06%	

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

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

**East Carolina University
Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Ten Fiscal Years**

**Exhibit D-4
Page 1 of 2**

Retiree Health Benefit Fund	2025	2024	2023	2022	2021
Contractually Required Contribution	\$ 34,437,672	\$ 34,313,163	\$ 30,814,480	\$ 26,597,184	\$ 28,007,771
Contributions in Relation to the Contractually Determined Contribution	<u>34,437,672</u>	<u>34,313,163</u>	<u>30,814,480</u>	<u>26,597,184</u>	<u>28,007,771</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 492,670,554	\$ 480,576,519	\$ 447,234,830	\$ 422,848,709	\$ 419,278,004
Contributions as a Percentage of Covered Payroll	6.99%	7.14%	6.89%	6.29%	6.68%
	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 28,285,935	\$ 27,087,663	\$ 25,114,158	\$ 23,149,608	\$ 21,519,192
Contributions in Relation to the Contractually Determined Contribution	<u>28,285,935</u>	<u>27,087,663</u>	<u>25,114,158</u>	<u>23,149,608</u>	<u>21,519,192</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 437,186,008	\$ 432,020,151	\$ 415,110,052	\$ 398,444,199	\$ 384,271,288
Contributions as a Percentage of Covered Payroll	6.47%	6.27%	6.05%	5.81%	5.60%

**East Carolina University
Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Ten Fiscal Years**

**Exhibit D-4
Page 2 of 2**

Disability Income Plan of North Carolina	2025	2024	2023	2022	2021
Contractually Required Contribution	\$ 640,472	\$ 528,634	\$ 447,235	\$ 380,564	\$ 377,350
Contributions in Relation to the Contractually Determined Contribution	640,472	528,634	447,235	380,564	377,350
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 492,670,554	\$ 480,576,519	\$ 447,234,830	\$ 422,848,709	\$ 419,278,004
Contributions as a Percentage of Covered Payroll	0.13%	0.11%	0.10%	0.09%	0.09%
	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 437,186	\$ 604,828	\$ 581,154	\$ 1,514,088	\$ 1,575,512
Contributions in Relation to the Contractually Determined Contribution	437,186	604,828	581,154	1,514,088	1,575,512
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 437,186,008	\$ 432,020,151	\$ 415,110,052	\$ 398,444,199	\$ 384,271,288
Contributions as a Percentage of Covered Payroll	0.10%	0.14%	0.14%	0.38%	0.41%

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

East Carolina University

Notes to Required Supplementary Information

Schedule of University Contributions

Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans

For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

Effective April 1, 2024, coverage of GLP-1 prescriptions for obesity management (GLP-1-AOM) was terminated.

Beginning with the Disability Income Plan of North Carolina (DIPNC) actuarial valuation as of December 31, 2017, the valuation included a liability for the State's potential reimbursement of costs incurred by employers for income benefits and health insurance premiums during the second six months of the first year of employee's short-term disability benefit period. The reimbursement from DIPNC was eliminated for disabilities occurring on or after July 1, 2019 and no further reimbursements may be issued.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months preceding the date of the valuation results for the RHBF. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the DIPNC. See Note 14 for more information on the specific assumptions for each plan. The actuarially determined contributions were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: Consistent with prior years, for the actuarial valuation measured as of June 30, 2024 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.93%, from 3.65% as of June 30, 2023. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next four years. The expected impact from the Inflation Reduction Act on assumed Medicare Advantage rates by including proposed PMPM vendor rates through 2027 and then using assumed trend beginning in 2028. Employer portion of contributions were calculated to have less volatility than recent experience and have a smoother transition to the ultimate trend.

For the actuarial valuation measured as of June 30, 2024 for DIPNC, the discount rate remained at 3%, unchanged from the rate as of June 30, 2023.

In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Boards of Trustees of the TSERS and the Committee on Actuarial Valuation of Retired Employees' Health Benefits adopted a number of new actuarial assumptions and methods for the RHBF and the DIPNC. The most notable changes to the assumptions include updates to the mortality tables and mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience. Also in 2020, disability rates were adjusted to the non-grandfathered assumptions used in the TSERS actuarial valuation to better align with the anticipated incidence of disability.

For the DIPNC actuarial valuation as of December 31, 2018, for individuals who may become disabled in the future, the Social Security disability income benefit (which is an offset to the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of the disability.

The assumed costs related to the Patient Protection and Affordable Care Act regarding the Health Insurance Provider Fee for the fully insured plans and Excise Tax were removed when those pieces were repealed in December 2019 and first recognized in the 2020 OPEB report.

For the DIPNC actuarial valuation as of December 31, 2023, benefit payments expected to be issued after 36 months of disability to claimants who had at least five years of membership service as of July 31, 2007 were updated to include an offset (reduction to the DIPNC benefit) based on estimated Social Security benefits.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2024 *Annual Comprehensive Financial Report*.



Independent Auditor's Report



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
East Carolina University
Greenville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of East Carolina University (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 unit, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 10, 2025. Our report includes a reference to other auditors who audited the financial statements of East Carolina University Foundation, Inc. and Consolidated Affiliates, as described in our report on the University's financial statements. The financial statements of East Carolina University Foundation, Inc. and Consolidated Affiliates were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with East Carolina University Foundation, Inc. and Consolidated Affiliates.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Boliek
State Auditor

Raleigh, North Carolina

November 10, 2025

Ordering Information

Copies of this report may be obtained by contacting:



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State of North Carolina
20601 Mail Service Center
Raleigh, North Carolina 27699

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APPENDIX C

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

The following is a brief summary of certain provisions of the General Indenture and the Twenty First Series Indenture under which the 2026 Bonds are being issued. This summary is not intended to be definitive and is qualified in its entirety by reference to the General Indenture and the Twenty First Series Indenture for the complete terms thereof. Copies of those documents are available on request from the office of the Vice Chancellor for Administration and Finance of East Carolina University.

DEFINITIONS OF CERTAIN TERMS

“*Account*” or “*Fund*” means one of the special funds or accounts created and established under the General Indenture.

“*Accountant*” means the State Auditor or a firm of independent certified public accountants as may be selected by the University and not unacceptable to the Trustee.

“*Act*” means North Carolina General Statutes Sections 116D-21 *et. seq.*, as supplemented and amended.

“*Authenticating Agent*” means the Trustee.

“*Authorized Denomination*” means \$5,000 or any integral multiple thereof.

“*Available Funds*” means any legally available funds of the University, or of the Board held for the University, in each Fiscal Year remaining after satisfying obligations of the University or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt of the Board with respect to the University existing as of the date of the General Indenture, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by University students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities and (5) funds restricted by law.

“*Board*” means the Board of Governors of the University of North Carolina.

“*Bond*” means one of the obligations delivered under the General Indenture, including all Series of Bonds issued under a Series Indenture.

“*Bond Counsel*” means an attorney or firm of attorneys of favorable reputation in the field of municipal bond law, and not unacceptable to the Trustee.

“*Business Day*” means any day other than (a) a day on which banking institutions in New York, New York, or in the State or in the cities in which the Trustee or the Paying Agent have their respective designated offices are authorized to close or (b) a day on which the New York Stock Exchange is closed.

“*Certificate*” means (1) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined under the General Indenture or (2) the report of an accountant as to audit or other procedures called for by the General Indenture.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto.

“*Construction Fund*” means the Fund so designated and established under the General Indenture.

“*Costs of Construction*” means the costs reasonably incurred in connection with any project financed with the proceeds of Bonds, including but not limited to, the costs of (1) acquisition of all property, real or personal, tangible or intangible, and all interests in connection therewith including all rights-of-way and easements therefor, (2) physical construction, installation and testing, including the costs of labor, services, materials, supplies and utility services used in connection therewith, (3) architectural, engineering, legal, financial advisory and other professional services, (4) premiums for insurance policies taken out and maintained during construction, to the extent not paid for by a contractor for construction and installation, (5) any taxes, assessments or other charges which become due during construction, (6) expenses incurred by the Board or on its behalf with its approval in seeking to enforce any remedy against any contractor or sub-contractor in respect of any default under a contract relating to construction, (7) principal of and premium, if any, and interest on any indebtedness of the Board, other than the Bonds, incurred for Costs of Construction, (8) Costs of Issuance, (9) any capitalized interest, (10) miscellaneous expenses incidental thereto and (11) reimbursements of such Cost of Construction properly incurred prior to the issuance of a Series of the Bonds.

“*Costs of Issuance*” means all items of expense, directly or indirectly payable by or reimbursable to the Board, related to the authorization, sale and issuance of Bonds.

“*Debt Service Fund*” means the Debt Service Fund so designated and established by the General Indenture.

“*Depository*” means the State Treasurer or any bank or trust company which is a member of the Federal Deposit Insurance Corporation and is selected by the Board as a depository of moneys under the provisions of the General Indenture.

“*Electronic Means*” means delivery via the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, and passwords and/or authentication keys.

“*Event of Default*” means any occurrence or event of default described in the General Indenture, together with any other events specified as such in a Series Indenture.

“*Federal Securities*” means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of the Trustee in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and are not subject to redemption or purchase prior to maturity at the option of anyone other than the Owner; (c) any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody’s and S&P within the highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) hereof which fund may be applied only to the payment of such principal of and interest and redemption

premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate; (d) the interest only portions of obligations issued by the Resolution Funding Corporation; or (e) direct evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

“*Fiscal Year*” means a twelve-month period commencing on the first day of July of any year and ending on the last day of June of the following year, or such other twelve-month period adopted as the Fiscal Year of the Board.

“*Fitch Ratings*” means Fitch, Inc., its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Fitch Ratings" will be deemed to refer to any other nationally recognized securities rating agency other than Moody's or S&P designated by the Vice Chancellor by notice to the Trustee.

“*General Indenture*” means the General Trust Indenture dated as of June 1, 2003, between the Board and the Trustee, as amended or supplemented from time to time.

“*Interest Payment Date*” means, with respect to the 2026 Bonds, each April 1 and October 1, beginning October 1, 2026.

“*Investment Securities*” means, to the extent from time to time permitted by law:

- (1) Federal Securities;
- (2) direct obligations of, or obligations the principal of and interest on which shall be unconditionally guaranteed by any of the following agencies of the United States government: Federal Farm Credit System, Federal Home Loan Banks, Export-Import Bank of the United States of America, Government National Mortgage Association, Federal National Mortgage Association, Farmer's Home Administration, Federal Home Loan Mortgage Corporation, Federal Housing Administration, or Financing Corporation and all other obligations issued or unconditionally guaranteed by any agency controlled or supervised by and acting as an instrumentality of the United States government under authority granted by the Congress;
- (3) bankers acceptances drawn on and accepted by banks (which may include the Paying Agent and the Trustee), or certificates of deposit or commercial paper of banks (which may include the Paying Agent and the Trustee), with a combined capital and surplus aggregating at least \$100,000,000 and the unsecured securities of which are currently rated within one of the two highest rating categories (without regard to any gradations by numerical qualifier or otherwise) assigned by S&P or Moody's;
- (4) interest-bearing demand or time deposits or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, of a bank (which may include the Paying Agent and the Trustee) or trust company or, to the extent not so insured, of a bank or trust company (which may include the Paying Agent and the Trustee), the unsecured securities of which are currently rated within one of the two highest rating categories (without regard to any gradations by numerical qualifier or otherwise) assigned by S&P or Moody's;

- (5) interest-bearing notes, issued by a bank (which may include the Paying Agent and the Trustee) or bank holding company and rated within one of the two highest rating categories assigned by S&P or Moody's (without regard to any gradations by numerical qualifier or otherwise) and which bank or bank holding company has a combined capital and surplus aggregating at least \$100,000,000;
- (6) repurchase agreements, reverse repurchase agreements, or investment agreements with a financial institution (which may include the Paying Agent and the Trustee) (a) with a combined capital and surplus aggregating at least \$100,000,000 and the unsecured long term-debt obligations of which are currently rated within one of the two highest rating categories (without regard to any gradations by numerical qualifier or otherwise) assigned by S&P or Moody's, or (b)(i) continuously secured and collateralized by segregated obligations referred to in (1) through (5) above having a market value at least equal at all times to the principal balance collectible pursuant thereto and the accrued interest thereon and (ii) as to which the University receives evidence that a custodian has possession of the collateral, evidence that the collateral is free and clear of any third-party liens or claims and an opinion that the custodian has a perfected security interest in the collateral, any substitutes therefor and all proceeds thereof;
- (7) debt securities of any entity whose long-term debt obligations are rated within one of the two highest rating categories assigned by S&P or Moody's, (without regard to any gradations by numerical qualifier or otherwise);
- (8) bonds or other obligations, rated within one of the two highest rating categories assigned by S&P or Moody's (without regard to any gradations by numerical qualifier or otherwise), of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state or any unit investment trust investing solely in such bonds or obligations;
- (9) commercial paper rated "A-1+" by S&P and "P-1" by Moody's and maturing in not more than 365 days;
- (10) money market funds rated in the highest rating category by S&P or Moody's;
- (11) the State Treasurer's Short-Term Investment Fund; and
- (12) the University Temporary Pool.

"*Mail*" means by United States mail, first class postage prepaid.

"*Moody's*" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "*Moody's*" will be deemed to refer to any other nationally recognized rating agency other than S&P or Fitch Ratings designated by the Vice Chancellor by notice to the Trustee.

"*Other Indebtedness*" means capital leases, installment financing agreements or other contracts used to provide capital improvements to the University not evidenced by a series of the Bonds.

"*Outstanding*" means all Bonds which have been authenticated and delivered by the Trustee under the General Indenture, except:

- (a) Bonds canceled after purchase in the open market or because of payment (it being understood that a payment to an Owner of the purchase price of a Bond, as

prescribed in the related Series Indenture, is not payment of a Bond) at or redemption prior to maturity or on acceleration;

- (b) Bonds deemed paid under the General Indenture as provided in “– *Defeasance*” below;
- (c) Bonds for the payment of the principal of and interest on which Federal Securities have been set aside; and
- (d) Bonds in lieu of which other Bonds have been authenticated under the General Indenture.

“*Owner*” or “*Bondowner*” means any person in whose name any Outstanding Bond is registered on the books of the Registrar.

“*Paying Agent*” means U.S. Bank Trust Company, National Association, or any successor paying agent appointed pursuant to the terms of the General Indenture.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“*Principal and Interest Requirements*” means, with respect to any particular Fiscal Year, an amount equal to the sum of (1) all interest payable on the Bonds during such Fiscal Year excluding any capitalized interest, plus (2) any Principal Installments of the Bonds during such Fiscal Year.

- (a) For purposes of computing “Principal and Interest Requirements,” the rate of interest used to determine (1) above will be a rate per annum equal to (A) with respect to Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (B) with respect to Bonds which bear interest at a variable or periodically determined rate of interest, the average of all the interest rates in effect on the Bonds (or as certified by a financial institution or investment banking firm acceptable to the Vice Chancellor which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding twelve-month period. If the Board or the University has entered into an agreement under which it will receive payments calculated on a notional amount equal to the principal amount of a Series of the Bonds and will make payments calculated on the same notional amount, the interest used to calculate (A) above will be the amount to be paid by the Board or the University, and the amount to be received will be deducted; payments on a variable or periodic basis under such an agreement will be calculated in accordance with clause (B) above.
- (b) For purposes of computing “Principal and Interest Requirements,” the method used to determine (2) above will be the actual planned Principal Installments, unless any such Principal Installment is payable in a single installment in which case the Principal Installments of such Series of Bonds will, in each year, be: (A) for Bonds with a term in excess of one year, the result derived by dividing (i) the outstanding principal amount of such Bonds by (ii) the number of full years in the remaining term of such Bonds, and (B) for notes or other obligations with a term of less than one year which are issued in anticipation of the issuance of Bonds described in (A) above (the “*Take Out Obligations*”), the result derived by dividing (i) the outstanding principal amount of such notes or other obligations by (ii) the number of full years expected to be in the term of the Take Out Obligation as certified to the Trustee by the Vice Chancellor.

“Principal and Interest Requirements for Other Indebtedness” means, with respect to any particular Fiscal Year, an amount equal to the sum of all payment obligations with respect to Other Indebtedness during such Fiscal Year. If the payment obligation under any Other Indebtedness is stated in terms of principal and interest, such principal and interest will be computed for purposes of this definition in the manner in which the principal of and interest on the Bonds is calculated under the definition of “Principal and Interest Requirements.”

“Principal and Interest Requirements for Subordinate Indebtedness” means, with respect to any particular Fiscal Year, an amount equal to the sum of (1) all interest payable on Subordinate Indebtedness due during such Fiscal Year, excluding any capitalized interest, plus (2) any principal of the Subordinate Indebtedness during such Fiscal Year. Principal and interest for purposes of this definition will be computed in the manner in which the principal of and interest on the Bonds is calculated under the definition of “Principal and Interest Requirements.”

“Principal Installment” means, as of any date of calculation, (1) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the General Indenture of Sinking Fund Payments payable before such future date, plus (2) any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such Sinking Fund Payments.

“Principal Payment Date” means any date upon which a Principal Installment is due and payable.

“Record Date” means each March 15 or September 15 preceding the respective Interest Payment Date.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, and accrued interest payable on the redemption thereof.

“Registrar” means U.S. Bank Trust Company, National Association, or any successor registrar appointed pursuant to the terms of the General Indenture.

“S&P” means S&P Global Ratings, its successors and their assigns, and, if such entity for any reason no longer performs the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency other than Moody’s or Fitch Ratings designated by the Vice Chancellor by notice to the Trustee.

“Securities Depository” means The Depository Trust Company, or its successor or assigns or substitute depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there is registered on the register maintained by the Registrar the 2026 Bond certificates to be delivered to and immobilized at such Securities Depository (or as otherwise provided in the Twenty First Series Indenture) during continuation with such Securities Depository of participation in its book-entry system.

“Series of Bonds” or *“Series”* means any series of Bonds issued under the General Indenture and a Series Indenture.

“Series Indenture” means any indenture or other document supplementing the General Indenture, executed by the Board and effective in accordance with the General Indenture, providing for the issuance of a Series of Bonds.

“*Sinking Fund Payment*” means, as of any particular date of calculation, the amount required to be paid by the Board on a certain future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the Board by reason of the maturity of a Bond or by call for redemption at the election of the Board.

“*Special Facilities*” means facilities financed with obligations issued under authorizing legislation other than the Act, such as University facilities financed for or leased by nongovernmental persons or by the United States Government or its agencies or facilities financed for entities subordinate or related to the University.

“*State*” means the State of North Carolina.

“*State Treasurer*” means the Treasurer of the State of North Carolina.

“*Subordinate Indebtedness*” means debt incurred by or on behalf of the University, the payment of the principal and interest on which is payable from Available Funds after payment of the principal of and interest on the Bonds.

“*Supplemental Indenture*” means any indenture supplemental to the General Indenture delivered pursuant to the General Indenture amending or supplementing the General Indenture.

“*Tax Certificate*” means the Tax Certificate, dated the date the 2026 Bonds are issued, by the Board and the University related to the 2026 Bonds.

“*Trustee*” means U.S. Bank Trust Company, National Association and any other person at any time be substituted in its place as provided in the General Indenture.

“*Trust Estate*” means all property and rights conveyed by the Board under the Granting Clauses of the General Indenture.

“*Twenty First Series Indenture*” means Series Indenture, Number 21 dated as of May 1, 2026 between the Board and the Trustee, as may be amended from time to time.

“*2026 Bonds*” means the East Carolina University General Revenue Bonds, Series 2026 issued under the General Indenture and the Twenty First Series Indenture.

“*2026 Projects*” means the comprehensive renovation of Jones Residence Hall on the University’s campus approved by the North Carolina General Assembly under S.L. 2024-24 of the 2023 Session Laws and any other projects as have been approved by the Board for financing with special obligation bonds.

“*University*” means East Carolina University.

“*Vice Chancellor*” means (1) the University Vice Chancellor for Administration and Finance or any successor officer performing the functions currently performed by the University Vice Chancellor for Administration and Finance or (2) his or her designee.

GENERAL INDENTURE AND TWENTY FIRST SERIES INDENTURE

Available Funds. The 2026 Bonds are payable from Available Funds. Available Funds are not pledged to the Trustee, but rather are the source from which principal and interest on the 2026 Bonds, and any prior Bonds and additional Bonds issued under the General Indenture, will be paid.

Pledge Effected by Indenture. The Trust Estate is pledged under the General Indenture, and the Board grants a security interest therein, to the Trustee for the benefit of Owners, to secure the payment of Bonds in accordance with their terms and the provisions of the General Indenture. The Trust Estate will immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien will be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice thereof.

No Liens on Available Funds. The Board agrees in the General Indenture that it will not create or permit to be created any lien or charge on the Available Funds. Under the General Indenture, neither the Board nor the University will permit a lien to be placed on any University property, except in connection with the issuance of Other Indebtedness. The Board is not required to pay or cause to be discharged or make provision for any lien or charge as long as it is contesting the validity of such lien or charge in good faith by appropriate legal proceedings.

Funds and Accounts. The Board establishes and creates the Debt Service Fund and the Construction Fund under the General Indenture, which for administrative convenience may be subdivided by the Vice Chancellor or the Trustee into Accounts with appropriate identification. The Trustee or the Board may also create such other Funds or Accounts as each, in its sole discretion, deem necessary or desirable in the administration of the General Indenture. The Trustee will hold the Debt Service Fund. The University will hold the Construction Fund.

Debt Service Fund. The Board will cause payments to be made to the Trustee from the Available Funds (1) on the Business Day preceding each Interest Payment Date or otherwise as needed, for deposit in the Debt Service Fund, an amount sufficient when added to money then on deposit in the Debt Service Fund allocated to pay interest due with respect to the Bonds to equal the interest then or to become payable on the next Interest Payment Date; and (2) on the Business Day preceding each Principal Payment Date or otherwise as needed, for deposit in the Debt Service Fund, an amount sufficient when added to money then on deposit in the Debt Service Fund allocated to pay principal due with respect to the Bonds to equal the principal then or to become payable on the next Principal Payment Date.

The Trustee will disburse amounts deposited in the Debt Service Fund as follows: (1) on each Interest Payment Date, to the Persons entitled thereto, interest due on such date, (2) subject to the provisions of the General Indenture requiring the application thereof to the payment or redemption of any particular Bond, on each Principal Payment Date, to the Owners, the amounts required for the payment of the Principal Installments due on such date, and (3) on each Redemption Date, to the Owners, the amount required for redemption of Bonds called for redemption.

Construction Fund. The Construction Fund will be applied for any of the following purposes: (1) the payment of Costs of Issuance; (2) the payment of all other Costs of Construction in the manner and subject to the restrictions provided below; and (3) transfer to the Debt Service Fund to make up any deficiency therein in accordance with the priorities established in the General Indenture. The Vice Chancellor will authorize disbursements from the Construction Fund and maintain a record stating by general classification the purpose for which each disbursement is to be made. On the completion of all additions to or betterments, extensions or improvements to, or purchasing and installing new equipment for, capital facilities financed with Bond proceeds, the Vice Chancellor will deliver to the Trustee the

balance remaining in the Construction Fund with respect to a Series of Bonds for deposit in the Debt Service Fund and application to the next payment due with respect to the Bonds.

The University will create the “2026 Account” in the Construction Fund in which the proceeds of the 2026 Bonds will be deposited. The University will retain in the 2026 Account of the Construction Fund earnings from the investment of money in such account of the Construction Fund and apply such earnings to the Costs of Construction. On completion of the 2026 Projects, any amounts remaining in the Construction Fund from the proceeds of the 2026 Bonds will be expended in accordance with the General Indenture as described above.

No Additional Bonds Under Existing Bond Documentation; Additional Debt. The Board covenants that neither it nor the University will issue: (1) any other obligations under any existing bond resolution, trust indenture or other financing document which authorizes the issuance of debt obligations secured by revenues or net revenues from any University enterprise; (2) any other Bonds, except on the conditions and in the manner provided in the General Indenture; (3) any other obligations payable from Available Funds, unless (A) such obligations constitute Subordinate Indebtedness or Other Indebtedness; or (B) (i) such obligations are payable on a parity basis with the Bonds and (ii) the largest of the sums obtained for any Fiscal Year after totaling for each Fiscal Year the Principal and Interest Requirements on Other Indebtedness, the Principal and Interest Requirements on Subordinate Indebtedness and the Principal and Interest Requirements on parity obligations other than the Bonds (including the additional obligations to be issued), calculated in the manner that the Principal and Interest Requirements on the Bonds are calculated, does not exceed 10% of Available Funds in the most recent Fiscal Year for which audited financial statements of the University are available; or (4) any obligations other than those described in clauses (1), (2) or (3), unless they are payable from a source other than Available Funds.

Insurance. The Board covenants in the General Indenture to carry or cause to be carried insurance at the University with a reputable insurance carrier or carriers, such as is maintained or carried by comparable institutions of higher education including, to the extent that the University is not or ceases to be fully protected by the State against losses covered by such insurance, public liability insurance against loss or damage by fire, explosion, hurricane, flood, cyclone, occupancy or other hazards and risks, and such property loss and damage insurance will at all times be in an amount sufficient to indemnify in amounts sufficient to repair the affected capital asset for loss, to the extent that such insurance is obtainable.

Capital Facilities. The Board covenants in the General Indenture to complete any facilities financed with the proceeds of the Bonds or cause them to be completed in accordance with plans and specifications approved by a registered professional engineer and in an economical and efficient manner with all practicable dispatch. The Board agrees to maintain or cause to be maintained its capital facilities in good condition and to continuously operate or cause to be operated the same in an efficient manner and at a reasonable cost.

Reports. The Board will file, or cause to be filed, with the Trustee, within 210 days after the close of each Fiscal Year, a copy of an audited annual financial report of the University conforming to then-existing generally accepted accounting principles. The Trustee will make a copy of the financial statements available to any Owner of a Bond on written request therefor at the Board’s expense. The Board will further furnish to any interested party any reasonably available information otherwise compiled by the University concerning the Bonds or the University’s condition or operations upon (i) written request to the Vice Chancellor and (ii) payment of duplicating costs.

Events of Default; Remedies of Bondowners. The General Indenture defines Events of Default to include

(a) A failure to pay the principal of or premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for redemption including sinking fund redemptions;

(b) A failure to pay any installment of interest when the same becomes due and payable; and

(c) A failure by the Board to observe and perform any covenant, condition, agreement or provision (other than as described in subsections (a) and (b) above) contained in the Bonds or in the General Indenture on the part of the Board to be observed or performed, which failure continues for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Board by the Trustee, which may give such notice in its discretion and must give such notice at the written request of Owners of not less than 25% of principal amount of the Bonds, unless the Trustee, or the Trustee and Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be, agrees in writing to an extension of such period prior to its expiration.

Further events which will constitute "*Events of Default*" may be set forth in a Series Indenture.

On the occurrence and continuance of an Event of Default, the Trustee may, or if required by a majority of the Owners of the Bonds, must, declare the Bonds to be immediately due and payable, whereupon they will, without further action, become due and payable, anything in the General Indenture or in the Bonds to the contrary notwithstanding.

The provisions of the preceding paragraph are subject to the condition that if, after the principal of any of the Bonds has been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered as hereinafter provided, the Board causes to be deposited with the Trustee a sum sufficient to pay all matured installments of the principal of and interest on all Bonds which will have become due otherwise than by reason of such declaration (with interest on such overdue installments of interest, at the rate per annum borne by the respective Bonds) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default other than nonpayment of the principal of the Bonds which have become due by said declaration have been remedied, then, in every such case, such Event of Default will be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission or annulment to the Board and will give notice thereof by Mail to all Owners; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

On the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and on the written direction of Owners of not less than a majority in principal amount of the Bonds and receipt of indemnity to its satisfaction, must, in its own name and as the trustee of an express trust: (i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Board to carry out any agreements with or for the benefit of the Owners and to perform its duties under the General Indenture; and (ii) take whatever action at law or in equity may appear necessary or desirable to enforce its rights against the Board.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy will be cumulative and in addition to any other remedy given under the General Indenture or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate principal amount of Bonds and indemnified as provided in the General Indenture, the Trustee will be obligated to exercise such one or more of the rights

and powers conferred by the General Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners.

Anything in the General Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds will have the right, at any time, to the extent permitted by law, by instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Indenture, or for the appointment of a receiver, and any other proceedings thereunder; provided that such direction may not be otherwise than in accordance with the provisions of the General Indenture. The Trustee will not be required to act on any direction given to it until the indemnity described in the General Indenture is furnished to it by such Owners.

No Owner will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Indenture, for the protection or enforcement of any right under the General Indenture unless such Owner has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than 25% in principal amount of the Bonds have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the General Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there has been offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of the powers under the General Indenture or for any other remedy under the General Indenture or by law. No one or more Owners will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the General Indenture, or to enforce any right under the General Indenture or under law with respect to the Bonds or the General Indenture, except in the manner provided in the General Indenture, and that all proceedings at law or in equity must be instituted, had and maintained in the manner provided in the General Indenture and for the benefit of all Owners. Nothing contained above will affect or impair the right of any Owner to enforce the payment of the principal of and interest on its Bonds at the time and place expressed in said Bond.

Each Owner by its acceptance of a Bond will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the General Indenture or any Series Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The provisions of this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by Owners of at least 25% in principal amount of the Bonds, or to any suit instituted by any Owner for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

The Trustee will give to the Owners notice of each Event of Default under the General Indenture known to the Trustee within 90 days after actual knowledge of the occurrence thereof, unless such Event of Default has been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Fund, notice will be given immediately after its occurrence. Each such notice of an Event of Default will be given by the Trustee by mailing written notice thereof (i) to all Owners appearing on the registration books maintained by the Registrar and (ii) to such other persons as is required by law.

Supplemental Indentures.

-- *Without the Consent of Owners.* For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Board may be executed and delivered, which, on the execution by the Trustee, will be fully effective in accordance with its terms: (a) to close the General Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness; (b) to add to the covenants and agreements of and the limitations and restrictions on the Board in the General Indenture other covenants and agreements or limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the General Indenture as theretofore in effect; (c) to surrender any right, power or privilege reserved to or conferred on the Board by the terms of the General Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Board contained in the General Indenture; (d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the General Indenture of the Trust Estate, including any revenues or assets; and (e) to modify any of the provisions of the General Indenture in any respect whatsoever; provided that any changes do not, in the opinion of Bond Counsel, adversely affect the interests of the Owners of the Bonds. A modification may be stated to be effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture cease to be Outstanding and any Supplemental Indenture will be specifically referred to in the text of all Bonds delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof

-- *With the Consent of Owners.* Exclusive of Supplemental Indentures covered under “--*Without the Consent of Owners*” above, the written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding, will be required for the execution by the Board and the Trustee of any indenture or indentures supplemental to the General Indenture; provided, however, that without the consent of the Owners of all the Bonds Outstanding nothing in the General Indenture will permit, or be construed as permitting: (a) a change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Bond, or a reduction in the principal amount of or premium payable on any redemption of any Outstanding Bond or the rate of interest thereon; (b) the deprivation of the Owner of any Bond Outstanding of the lien created by the General Indenture (other than as originally permitted thereby); (c) a privilege or priority of any Bond over any other Bond; or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

Amendments. As long as the 2026 Bonds are Outstanding, the General Indenture and the Twenty First Series Indenture and the rights and obligations of the Board and the Owners of the 2026 Bonds may be modified or amended at the same times, in the same manner and for the same purposes as the General Indenture. If such modification or amendment to the General Indenture or the Twenty First Series Indenture affects only the 2026 Bonds, the percentage of Owners required to consent to the modification or amendment of the General Indenture described in “—*Supplemental Indentures*” above will be applied only to the Outstanding 2026 Bonds.

Before the Board and the Trustee enter into any Supplemental Indenture pursuant to Twenty First Series Indenture, there must have been delivered to the Trustee and the Board an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by the General Indenture and the Twenty First Series Indenture, complies with the terms of the Twenty First Series Indenture, and will, on the execution and delivery thereof, be valid and binding on the Board in accordance with its terms and will not adversely affect the tax treatment of interest on the 2026 Bonds for federal income tax purposes.

Notwithstanding anything in the General Indenture or the Twenty First Series Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any 2026 Bonds or another Series of the Bonds issued after the issuance of the 2026 Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental

indenture as required or permitted by this Section, including any amendment or supplemental indenture that adversely affects the interests of other Owners, and (2) any such holder providing its consent under this Section is not entitled to receive, nor is the Board or the University required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

Defeasance. If the Board pays or causes to be paid or is deemed to have paid to the Owner of any Bond the principal of and interest due and payable, and thereafter to become due and payable on such Bond, or any portion of such Bond in any integral multiple of the Authorized Denomination thereof, such Bond or portion thereof will cease to be entitled to any lien, benefit or security under the General Indenture. If the Board pays or causes to be paid the principal of, premium, if any, and interest due and payable on all Outstanding Bonds, pays or causes to be paid all other sums payable by the Board, including all fees, expenses and other amounts payable to the Trustee and any Paying Agent, then the right, title and interest of the Trustee in and to the Trust Estate will thereupon cease, terminate and become void.

Any Bond will be deemed to be paid within the meaning of, and for all purposes of, the General Indenture when (a) payment of the principal of such Bond plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the General Indenture) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (1) moneys, sufficient to make such payment or (2) non-callable Federal Securities maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond is deemed to be paid under the General Indenture, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of the General Indenture, except for the purposes of any such payment from such moneys or Federal Securities.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL



May __, 2026

The Board of Governors of
the University of North Carolina
Raleigh, North Carolina

U.S. Bank Trust Company, National Association
Charlotte, North Carolina

§ _____
***East Carolina University
General Revenue Bonds,
Series 2026***

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of Governors of the University of North Carolina, a body politic and corporate under the name of “*The University of North Carolina*” (the “*Board*”), of East Carolina University General Revenue Bonds, Series 2026 (the “*2026 Bonds*”) in the aggregate principal amount of \$_____. We have examined certified copies of the proceedings of the Board in authorizing the issuance of the 2026 Bonds, including the General Trust Indenture dated as of June 1, 2003 (the “*General Indenture*”) between the Board and Wachovia Bank, National Association, the successor to which is U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”), and Series Indenture, Number 21 dated as of May 1, 2026 (the “*Twenty First Series Indenture*” and collectively with the General Indenture, the “*Indentures*”), each between the Board and the Trustee and other proofs submitted relative to the issuance of the 2026 Bonds.

The 2026 Bonds are being issued to provide funds to (1) finance, or reimburse East Carolina University (the “*University*”) for, the costs of the comprehensive renovation of Jones Residence Hall, (2) refund a portion of the East Carolina University General Revenue Bonds, Series 2016A and (3) pay the costs of issuing the 2026 Bonds. We have examined such laws, documents, instruments, proceedings and opinions as we have deemed relevant in rendering the opinions hereinafter expressed. Capitalized terms used as defined terms herein and not otherwise defined herein have the meaning assigned to such terms in the Indentures.

On the basis of the foregoing, we are of the opinion, under existing law, that:

1. The Indentures have been duly authorized, executed and delivered by the Board and, assuming due authorization and execution by the Trustee, are in full force and effect. The General Indenture creates a valid lien on the Trust Estate for the purposes and on the conditions permitted by the General Indenture.

2. The 2026 Bonds have been duly authorized and issued under the General Indenture and under the provisions of the Constitution and laws of the State of North Carolina (the “*State*”), including Sections 116D-21 *et seq.* of the General Statutes of North Carolina, as amended, for the purposes set forth above.

3. The 2026 Bonds are issuable only as fully registered bonds and will be numbered, will bear interest at the times and will be subject to redemption, all as provided in the Indentures. The 2026 Bonds will be parity obligations under the General Indenture with Bonds Outstanding and any additional obligations of the Board issued on a parity basis with the Bonds in accordance with the General Indenture.

4. The 2026 Bonds are valid and binding special obligations of the Board payable solely from Available Funds as described in the General Indenture. The 2026 Bonds do not constitute a debt or liability of the State or any political subdivision of the State or a pledge of the faith and credit of the State or of any political subdivision of the State. The issuance of the 2026 Bonds does not directly or indirectly or contingently obligate the State or any political subdivision of the State to levy or to pledge any taxes for the 2026 Bonds.

5. Interest on the 2026 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest on the 2026 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Board and the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest on the 2026 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the University have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the 2026 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2026 Bonds. We express no opinion regarding other federal tax consequences related to the ownership of or the receipt, accrual or amount of interest on, the 2026 Bonds.

6. Interest on the 2026 Bonds is exempt from State of North Carolina income taxation.

The rights of the owners of the 2026 Bonds and the enforceability of the 2026 Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally or by equitable principles, whether considered at law or in equity.

Our services as bond counsel in connection with the issuance of the 2026 Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2026 Bonds and the tax status of the interest on the 2026 Bonds. In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents, opinions and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records and certifications, documents, opinions and other proceedings.

We express no opinion herein as to the adequacy, accuracy or completeness of the Preliminary Official Statement or the Official Statement, or any other offering material relating to the 2026 Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating to the financial resources of the Board and the University, or the ability of the Board and the University to make the payments required under the Indenture, that may have been relied upon by anyone in making the decision to purchase 2026 Bonds.

The Board of Governors of
the University of North Carolina
U.S. Bank Trust Company, National Association
May __, 2026
Page 3

The opinions expressed above are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

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APPENDIX E
BOOK ENTRY-ONLY SYSTEM

APPENDIX E

BOOK ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), Brooklyn, New York, will act as securities depository for the 2026 Bonds. The 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2026 Bond will be issued for each maturity of the 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2026 Bonds documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026 Bonds within an maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Board or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2026 Bonds at any time by giving reasonable notice to the Board and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2026 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2026 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

NEITHER THE BOARD NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR

INTEREST ON THE 2026 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE 2026 BONDS UNDER THE TERMS OF THE INDENTURES; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2026 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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