Establishment of Associated Entities

North Carolina General Statute Section 116-30.20 governs the establishment of private, nonprofit corporations (“Associated Entities”) to support the constituent institutions of The University of North Carolina and The University System (“UNC”). Section 116-30.20 further provides that each constituent institution may provide available administrative services, equipment, supplies and other resources to the Associated Entity.

Definition of Associated Entities

UNC adopted policy 600.2.5.2 [R] on November 16, 2005, which was amended on June 25, 2014 and again on June 8, 2015, to articulate the standards for governance and operations of Associated Entities (“UNC Policy”). Pursuant to UNC Policy, an Associated Entity is “any foundation, association, corporation, limited liability company (LLC), partnership, or other nonprofit entity that was: (a) established by officers of the University; or (b) that is controlled by the University; or (c) that raises funds in the name of the University; or (d) that has a primary purpose of providing services or conducting activities in furtherance of the University’s mission pursuant to an agreement with the University; or (e) that has a tax-exempt status that is based on being a support organization for the University.”

UNCW Associated Entities

UNCW has established 16 separate legal entities as Associated Entities. Each Associated Entity must abide by relevant University policies, undergo a periodic review, meet organizational requirements, have a tax exempt status, have at least one senior officer or designee on the governing board or who sits ex officio (either voting or non-voting), maintain financial accounting controls, have independent audits, and submit annual financial reports to the Chancellor and UNC System Office.

University Involvement

The Chancellor determines whether to establish an Associated Entity and is responsible for ensuring that the relationship between the University and Associated Entity is cooperative and mutually beneficial. In accordance with the UNC Policy, the Chancellor must provide written approval prior to establishing an Associated Entity. For each of the University’s 16 Associated Entities, the Chancellor has executed a Memorandum of Understanding, which among other things, establishes the purpose of the Associated Entity, the resources and services the University shall provide to the Associated Entity and outlines the terms governing the distribution of assets upon dissolution of the respective Associated Entity.

In some instances, the University has designated University officers to hold positions on an Associated Entity’s board of directors by virtue of the positions such officers hold with the University. Other University employees may indirectly be involved with the Associated Entity through the sharing of reporting systems such as advancement gift processing, purchasing or accounts payable.

Organizational Structure and Financial Reporting

Each Associated Entity has a unique purpose and provides important benefits or services to the University. Each Associated Entity’s classification is based on Governmental Accounting Standards Board (“GASB”) guidance. This requires an analysis of the Associated Entity’s board composition, including both university and non-university affiliated directors,
fiduciary control by the University, fiscal dependency, and other criteria to determine if they are considered independent (“related party”) or an extension arm of the University (“component unit”).

GASB requires recognition of our connection with these Associated Entities in the University’s financial statements. The University includes financial contributions and services it receives from an Associated Entity deemed a related party in the University’s financial statement footnotes, but it does not recognize their operational activities, assets or liabilities. On the other hand, the University’s financial statements for the Associated Entities that are deemed component units are more inclusive and their financial activities, assets, and liabilities are blended with the University.

**University Control of Associated Entities**

The UNC Policy recognizes the independence of each Associated Entity as an organization that is separate from the University and controlled by its respective governing body; provided, however, its approved status may be removed for failure to abide by applicable policies, procedures, rules, laws, and/or regulations of UNCW or the UNC System. In the event the Associated Entity’s approved status is removed, then it shall be dissolved and all of its assets shall be distributed in accordance with its respective organizational documents.
### UNCW Associated Entities

<table>
<thead>
<tr>
<th>FY 17/18</th>
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<th>FY 17/18</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Deferred</td>
<td>Outflows of Resources</td>
<td>Liabilities</td>
<td>Inflows of Resources</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td><strong>Liabilities</strong></td>
<td><strong>Inflows of Resources</strong></td>
</tr>
<tr>
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<td>Inflows of Resources</td>
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</tr>
<tr>
<td><strong>Net Assets / Position</strong></td>
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</tbody>
</table>

#### Related Parties

- **The Foundation of the University of North Carolina at Wilmington, Inc. (single member of the LLC)**
  - Seahawk Investment Strategies, LLC
  - Assets: $5,048,744
  - Deferred Outflows of Resources: $- 
  - Liabilities: $68,720
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $4,980,024

- **Seahawk Investment Strategies, LLC**
  - Assets: $1,606,864
  - Deferred Outflows of Resources: $-
  - Liabilities: $-
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $1,606,864

- **UNCW Student Aid Association, Inc.** (Seahawk Club)
  - Assets: $2,197,482
  - Deferred Outflows of Resources: $-
  - Liabilities: $-
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $2,197,482

- **The Alumni Association of the University of North Carolina at Wilmington**
  - Assets: $861,230
  - Deferred Outflows of Resources: $-
  - Liabilities: $-
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $861,230

- **Friends of the University of North Carolina at Wilmington**
  - Assets: $19,812
  - Deferred Outflows of Resources: $-
  - Liabilities: $-
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $19,812

**Total Related Parties**
- Assets: $9,734,132
- Deferred Outflows of Resources: $-
- Liabilities: $68,720
- Deferred Inflows of Resources: $-
- Net Assets / Position: $9,665,412

#### Blended Component Units

- **UNCW Corporation**
  - Assets: $124,097,601
  - Deferred Outflows of Resources: $6,380,901
  - Liabilities: $124,097,601
  - Deferred Inflows of Resources: $6,380,901
  - Net Assets / Position: $- 

- **UNCW Corporation II (single member of the LLCs)**
  - Assets: $1,335,524
  - Deferred Outflows of Resources: $-
  - Liabilities: $930,546
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $404,978

- **UNCW Corporation College Station LLC**
  - Assets: $1,335,524
  - Deferred Outflows of Resources: $-
  - Liabilities: $930,546
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $404,978

- **UNCW Research Foundation (single member and sole equity owner)**
  - Assets: $211,174
  - Deferred Outflows of Resources: $-
  - Liabilities: $3,925
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $207,249

- **UNCW Corporation Research I LLC**
  - Assets: $107,326
  - Deferred Outflows of Resources: $-
  - Liabilities: $17,015
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $90,311

- **MARBIONC Development Group LLC**
  - Assets: $1,541,417
  - Deferred Outflows of Resources: $-
  - Liabilities: $-
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $1,541,417

- **UNCW Entrepreneurship Center, LLC**
  - Assets: $111,621
  - Deferred Outflows of Resources: $-
  - Liabilities: $-
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $111,621

- **UNCW Innovation Coalition Corporation**
  - Assets: $3,876
  - Deferred Outflows of Resources: $-
  - Liabilities: $-
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $3,876

- **The Donald R. Watson Foundation, Inc.**
  - Assets: $433,997
  - Deferred Outflows of Resources: $-
  - Liabilities: $20,940
  - Deferred Inflows of Resources: $-
  - Net Assets / Position: $413,057

**Total Component Units**
- Assets: $127,408,539
- Deferred Outflows of Resources: $6,380,901
- Liabilities: $125,049,087
- Deferred Inflows of Resources: $6,380,901
- Net Assets / Position: $2,359,452

**Total Associated Entities**
- Assets: $137,142,671
- Deferred Outflows of Resources: $6,380,901
- Liabilities: $125,117,807
- Deferred Inflows of Resources: $6,380,901
- Net Assets / Position: $12,024,864

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Audited Financial Information of 06/30/18
## UNCW Associated Entities

Establishment is approved by the Chancellor and the purpose is to provide services and activities in support of and in furtherance of the university's educational, research, and public service mission. The UNC Policy recognizes the independence of each entity as being separate from the University and controlled by its respective governing body. LLCs conduct the day-to-day activities and are managed by university officers or employees. The single members hold 100% interest in the LLCs.

<table>
<thead>
<tr>
<th>Corporation / Foundation</th>
<th>Associated Limited Liability Companies</th>
<th>Activities</th>
<th>Management Structure</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Foundation of the University of North Carolina at Wilmington, Inc. (single member) of the following:</td>
<td></td>
<td>Fundraising and Property Acquisition in Support of UNCW</td>
<td>Volunteer Board of Directors</td>
<td>Cash, Real Estate, Insurance Policies, Gift Annuities and Investments</td>
</tr>
<tr>
<td></td>
<td>Seahawk Investment Strategies, LLC</td>
<td>Oversight of $1M endowment gift from BB&amp;T, invested by Finance students from CSB as part of their classroom experience</td>
<td>Manager - VCBA, Advisory Board</td>
<td>Equity Investments</td>
</tr>
<tr>
<td>UNCW Student Aid Association, Inc. (Seahawk Club)</td>
<td></td>
<td>Fundraising to support UNCW Athletics Scholarships, Facility Improvements and Operations</td>
<td>Volunteer Board of Directors</td>
<td>Cash</td>
</tr>
<tr>
<td>The Alumni Association of the University of North Carolina at Wilmington</td>
<td></td>
<td>Support UNCW Alumni Outreach</td>
<td>Volunteer Board of Directors</td>
<td>Cash, Investments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support UNCW</td>
<td>Volunteer Board of Directors</td>
<td>Cash</td>
</tr>
<tr>
<td>UNCW Corporation</td>
<td></td>
<td>Development of UNCW Student Housing, Ground Lease, Operating Agreement back to University</td>
<td>Board of Directors (3 Internal 3 External)</td>
<td>Capital Lease with UNCW, Seahawk Village, Landing, Crossing, Parking Deck and Retail Store</td>
</tr>
<tr>
<td>UNCW Corporation II (single member) of the following:</td>
<td>Property acquisition, disposition, and development in support of UNCW</td>
<td>Board of Directors (4 Internal 3 External)</td>
<td>100% Interest in LLCs, Management Service Agreements with UNCW</td>
<td></td>
</tr>
<tr>
<td>UNCW Corporation Oleander One, LLC</td>
<td>None at this time.</td>
<td>Manager - VCBA</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>UNCW Corporation College Station, LLC</td>
<td>Used by Osher Life Long Learning Institute</td>
<td>Manager - VCBA</td>
<td>620 S College Road, 1.06 acres, building 3,246 sq ft</td>
<td></td>
</tr>
<tr>
<td>UNCW Research Foundation (single member) of the following:</td>
<td>Supporting organization for the development of IP created at UNCW</td>
<td>Board of Directors (4 Internal)</td>
<td>Cash and Equity Interest in Faculty Start Ups</td>
<td></td>
</tr>
<tr>
<td>UNCW Corporation Research I, LLC</td>
<td>None at this time</td>
<td>Manager - VCBA</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>UNCW Center for Innovation and Entrepreneurship, LLC</td>
<td>Resource that supports entrepreneurship and job creation in the Wilmington region</td>
<td>Manager - Director CIE</td>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>The CREST Millennial Campus, LLC</td>
<td>None at this time</td>
<td>Manager - VCBA</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>MARBIONC Development Group, LLC</td>
<td>Development of UNCW originated intellectual property</td>
<td>Manager - Senior Technology Development Officer</td>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>UNCW Innovation Coalition Corporation</td>
<td>UNCW Research Foundation is the sole equity owner</td>
<td>Supporting organization for the development of IP created at UNCW</td>
<td>Board of Directors (3 Internal)</td>
<td>Cash</td>
</tr>
<tr>
<td>The Donald R. Watson Foundation, Inc.</td>
<td>Supporting UNCW Scholarships, Duke Medical and St. Johns Episcopal Church</td>
<td>Board of Directors (3 Internal 2 External)</td>
<td>Cash and Investments</td>
<td></td>
</tr>
</tbody>
</table>