
NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: RELATED PARTY TRANSACTIONS

Primary Government

June 30, 2008, this support approximated \$81.67 million for the UNC System and \$1.68 million for community colleges.

Supplemental Retirement Income Plan of North Carolina

The Plan has a third party administration contract with Prudential Retirement Services, which is a subsidiary of Prudential. The Plan also has an investment management agreement and synthetic GIC contract (Guaranteed Investment Contract) with Prudential. Prudential also provides the Prudential Stable Value Fund as an investment option for participants. The Plan recognized \$7.28 million in expenses related to Prudential for the year ended December 31, 2007. The expenses relate to loan initiation fees and investment management fees. Substantially all other administrative expenses of the Plan are paid by the Plan sponsor or Prudential Retirement Services.

North Carolina Public Employee Deferred Compensation Plan

Under the terms of an agreement effective January 1, 2004, the Plan's Board of Trustees appointed Great-West Life & Annuity Insurance Company (Great-West), as the Plan's third-party administrator. The Plan recognized \$2.41 million in expenses related to Great-West for the year ended December 31, 2007. The portion of annuity payout contract assets attributable to contracts with Great-West at December 31, 2007 was \$20.6 million.

Component Units

University of North Carolina System and Community College Foundations

The University of North Carolina (UNC) System and community colleges have separately incorporated not-for-profit foundations that are associated with constituent institutions of the UNC System or individual colleges. These organizations serve as a fundraising arm of the respective institutions through which individuals, corporations, and other organizations support institution programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific departments and the institution's overall academic environment. These affiliated organizations are not included as component units since the economic resources received or held by an individual organization are not significant to the primary government. Therefore, the financial statements of the UNC System and community colleges do not include the assets, liabilities, net assets, or operational transactions of these foundations, except for support from each organization to constituent institutions or colleges. For the fiscal year ended