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TO: Whom it May Concern

FROM: Kimberly Potter, Special Deputy Attorney General

DATE: September 25, 2024

RE: Evidence of Nonprofit Exempt Status of State Agencies

This memorandum is to certify that the University of North Carolina, and each of its constituent institutions and other educational, research, and public service organizations are nonprofit, tax-exempt organizations and that no part of their earnings may lawfully benefit any private shareholder or individual.

As a government agency, and State educational agency, the University of North Carolina and its constituent institutions are nonprofit, tax-exempt organizations. The University of North Carolina is a public, multicampus university, and governmental and educational entity established pursuant to Article IX section 8 of the North Carolina State Constitution and Chapter 116 of the North Carolina General Statutes. The University of North Carolina is comprised of constituent institutions and other educational, research, and public service organizations. Attached to this memorandum is a list of the University of North Carolina's constituent institutions and other organizations to which this opinion and certification applies (Exhibit A).

Pursuant to federal tax law, the University of North Carolina, and each of its constituent institutions, is considered a political subdivision of the State or an "integral part" of the State and, accordingly, is a tax-exempt organization. See Revenue Ruling 71-131. Further, under IRC section 170(b)(1)(A)(ii), the University of North Carolina and its constituent institutions are defined as an "educational institution" and under IRC 170(b)(1)(A)(v), the University of North Carolina and its constituent institutions are a "government unit." Under each of these provisions, contributions made to the University of North Carolina and each of its constituent institutions are tax deductible. The University of North Carolina, and each of its constituent institutions, is a nonprofit, tax exempt organization.

Second, the North Carolina Constitution prohibits the University of North Carolina from using or otherwise allocating its earnings for the benefit of any private shareholder or individual. Article I, § 32 of the North Carolina Constitution provides that "[n]o person or set of persons is entitled to exclusive or separate emoluments or privileges from the community but in consideration of public services." "An emolument is defined as '[t]he profit arising from office, employment, or labor; that which is received as a compensation for services, or which is annexed to the possession of office as salary, fees, and perquisites.'" *Crump v. Snead*, 134 N.C. App. 353, 356, 517 S.E.2d 384, 387 (quoting *Black's Law Dictionary* 524 (6th ed. 1990)), *disc. review denied*, 351 N.C. 101, 541 S.E.2d 143 (1999).

As a state agency of the State of North Carolina, the University of North Carolina, and its constituent institutions, is subject to the constitutional prohibition on exclusive and private emoluments and accordingly no part of their earnings may lawfully benefit any private shareholder.

In sum, I certify that the University of North Carolina, and each of its constituent institutions and other educational, research, and public service organizations are nonprofit, tax-exempt organizations and that no part of their earnings may lawfully benefit any private shareholder or individual.

Very truly yours,

A handwritten signature in blue ink that reads "Kimberly D. Potter". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kimberly D. Potter
Special Deputy Attorney General

Exhibit A

List of University of North Carolina Constituent Institutions

<i>Institution Name</i>	<i>Tax Identification Number (TIN)</i>
UNC System	56-6172047
Appalachian State University	56-1176030
East Carolina University	56-6000403
Elizabeth City State University	56-1047680
Fayetteville State University	56-1238736
North Carolina Agricultural & Technical State University	56-6000000
North Carolina Central University	56-6000730
North Carolina School of Science	56-1425643
North Carolina State University	56-6000756
UNC Asheville	56-6002370
UNC Chapel Hill	56-6001393
UNC Charlotte	56-0791228
UNC Greensboro	56-6001468
UNC Pembroke	56-6000805
UNC School of the Arts	56-6065273
UNC Wilmington	56-6023166
Western Carolina University	56-6001440
Winston-Salem State University	56-6001440