



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



2012

Open to Public
Inspection

Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2012 calendar year, or tax year beginning 07-01-2012, 2012, and ending 06-30-2013

| | | | |
|--|---|------------|--|
| B Check if applicable | C Name of organization COLLEGE FOUNDATION INC | | D Employer identification number 56-6046937 |
| <input type="checkbox"/> Address change | Doing Business As | | |
| <input type="checkbox"/> Name change | | | |
| <input type="checkbox"/> Initial return | Number and street (or P O box if mail is not delivered to street address) | Room/suite | E Telephone number (919) 834-2893 |
| <input type="checkbox"/> Terminated | PO BOX 41966 | | |
| <input type="checkbox"/> Amended return | City or town, state or country, and ZIP + 4 | | |
| <input type="checkbox"/> Application pending | RALEIGH, NC 276291966 | | G Gross receipts \$ 38,413,157 |

| | |
|---|--|
| F Name and address of principal officer WENDY H MCALISTER PO BOX 41966 RALEIGH, NC 276291966 | H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|---|--|

| | |
|---|---|
| I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) |
|---|---|

J Website: ► WWW CFNC ORG

| | | |
|---|--------------------------|------------------------------|
| K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ► | L Year of formation 1955 | M State of legal domicile NC |
|---|--------------------------|------------------------------|

Part I Summary

| | |
|--|-------|
| 1 Briefly describe the organization's mission or most significant activities OUR WORK TODAY MAKES A BETTER TOMORROW BY EMPOWERING PEOPLE TO ACHIEVE THEIR ACADEMIC GOALS AT JUNE 30, THE FOUNDATION WAS SERVICING A LOAN PORTFOLIO VALUED AT \$2,648,136,387 AND ADMINISTERING NORTH CAROLINA'S NATIONAL COLLEGE SAVINGS PROGRAM WITH A PORTFOLIO VALUED AT \$1,226,007,321 DURING THE TAX YEAR, STUDENTS USED THE CFNC ORG WEBSITE TO SUBMIT 485,125 APPLICATIONS TO NC COLLEGES | |
| 2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets | |
| 3 Number of voting members of the governing body (Part VI, line 1a) | 3 9 |
| 4 Number of independent voting members of the governing body (Part VI, line 1b) | 4 9 |
| 5 Total number of individuals employed in calendar year 2012 (Part V, line 2a) | 5 232 |
| 6 Total number of volunteers (estimate if necessary) | 6 11 |
| 7a Total unrelated business revenue from Part VIII, column (C), line 12 | 7a 0 |
| b Net unrelated business taxable income from Form 990-T, line 34 | 7b 0 |

| | | |
|---|-----------------------|------------------|
| 8 Contributions and grants (Part VIII, line 1h) | Prior Year 10 0 | Current Year 0 0 |
| 9 Program service revenue (Part VIII, line 2g) | 28,155,042 30,986,740 | |
| 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 6,566 813 | |
| 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 199,422 7,176,906 | |
| 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 28,361,040 38,164,459 | |

| | |
|--|-----------------------|
| 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 0 0 |
| 14 Benefits paid to or for members (Part IX, column (A), line 4) | 0 0 |
| 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 15,320,054 15,087,647 |
| 16a Professional fundraising fees (Part IX, column (A), line 11e) | 0 0 |
| b Total fundraising expenses (Part IX, column (D), line 25) ► 0 | |
| 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) | 14,051,625 18,266,652 |
| 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | 29,371,679 33,354,299 |
| 19 Revenue less expenses Subtract line 18 from line 12 | -1,010,639 4,810,160 |

| | | |
|--|---|------------------------|
| 20 Total assets (Part X, line 16) | Beginning of Current Year 50,322,123 49,591,899 | End of Year 49,591,899 |
| 21 Total liabilities (Part X, line 26) | 14,452,256 12,403,217 | |
| 22 Net assets or fund balances Subtract line 21 from line 20 | 35,869,867 37,188,682 | |

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

| | | |
|-----------|--|--------------------|
| Sign Here | ***** Signature of officer WENDY H MCALISTER PRESIDENT AND CEO Type or print name and title | 2014-02-12 Date |
|-----------|--|--------------------|

| | | | | | |
|------------------------|---|----------------------|------|---|----------------|
| Paid Preparer Use Only | Print/Type preparer's name CHRISTOPHER DUFFUS | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN P00171587 |
| | Firm's name ► KOONCE WOOTEN & HAYWOOD LLP | | | Firm's EIN ► 56-0517823 | |
| | Firm's address ► P O BOX 17806 RALEIGH, NC 276197806 | | | Phone no (919) 782-9265 | |

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III **1 Briefly describe the organization's mission**

OUR WORK TODAY MAKES A BETTER TOMORROW BY EMPOWERING PEOPLE TO ACHIEVE THEIR ACADEMIC GOALS WE PROVIDE FINANCIAL ASSISTANCE FOR HIGHER EDUCATION TO BENEFIT SOCIETY AND STRENGTHEN THE ECONOMY OF THE STATE OF NORTH CAROLINA

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 17,888,242 including grants of \$) (Revenue \$ 18,442,152)

EDUCATIONAL LOAN PROGRAMS AS OF JUNE 30, 2013, THE FOUNDATION WAS SERVICING 551,309 LOANS TO 177,003 BORROWERS WITH AN OUTSTANDING PRINCIPAL BALANCE OF \$2,648,136,387 THE FOUNDATION SERVICES LOANS FOR HIGHER EDUCATION FOR NORTH CAROLINIANS AT INSTITUTIONS OF HIGHER EDUCATION AND FOR STUDENTS ATTENDING INSTITUTIONS OF HIGHER EDUCATION IN NORTH CAROLINA. THE FOUNDATION SERVICES LOANS MADE UNDER PART B, TITLE IV OF THE HIGHER EDUCATION ACT (HEA) OF 1965, AS AMENDED, LOANS TO UNC CHAPEL HILL STUDENTS THAT HELPED TO FINANCE A COMPUTER PURCHASE, "EXTRA" EDUCATION LOANS TO BORROWERS ATTENDING SCHOOLS IN NC FOR QUALIFIED HIGHER EDUCATION EXPENSES NOT COVERED UNDER NC'S FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP), AND "EXTRA MBA" LOANS TO BORROWERS FROM THE KENAN-FLAGLER BUSINESS SCHOOL MBA OR MAC PROGRAMS AT UNC CHAPEL HILL WHO WERE UNABLE TO SECURE LOANS UNDER NC'S FFELP OR THE EXTRA EDUCATION LOAN PROGRAM AS OF JUNE 30, 2013, THE FOUNDATION, DOING BUSINESS AS EDGEUCATION LOANS, WAS ALSO SERVICING LOANS OWNED BY THE U S DEPARTMENT OF EDUCATION WITH AN OUTSTANDING PRINCIPAL BALANCE OF \$2,931,692,171

4b (Code) (Expenses \$ 5,504,569 including grants of \$) (Revenue \$ 5,361,783)

INFORMATION DISSEMINATION INITIATIVE THE FOUNDATION ADMINISTERS THE COLLEGE FOUNDATION OF NORTH CAROLINA (CFNC) PROGRAM TO COORDINATE INFORMATION DISSEMINATION EFFORTS TO INCREASE ACCESS TO HIGHER EDUCATION IN NORTH CAROLINA AND PROVIDE INFORMATION ON PLANNING, APPLYING, AND PAYING FOR COLLEGE THROUGH A COMPREHENSIVE WEBSITE (WWW CFNC.ORG), CALL CENTER AND PROGRAM INFORMATION SERVICES TO SCHOOLS, COLLEGES AND BUSINESSES THE CFNC CALL CENTER RECEIVED 111,960 CALLS IN THE YEAR ENDED JUNE 30, 2013 THE PROGRAM PROVIDED 2,719 SPECIFIC PROGRAMS TO COLLEGES, K-12 SCHOOLS AND BUSINESSES, 136 NEWS RELEASES AND PUBLIC SERVICE ANNOUNCEMENTS, 2 COMMUNIQUES AND 2 OTHER NEWSLETTERS IN THE YEAR ENDED JUNE 30, 2013

4c (Code) (Expenses \$ 3,537,712 including grants of \$) (Revenue \$ 3,169,885)

NC 529 COLLEGE SAVINGS PROGRAM THE FOUNDATION ACTS AS AGENT FOR THE NC STATE EDUCATION ASSISTANCE AUTHORITY IN THE ADMINISTRATION OF THE STATE'S COLLEGE SAVINGS AND INVESTMENT PROGRAM WHICH IS DESIGNED TO MEET THE REQUIREMENTS OF A "QUALIFIED" TUITION PROGRAM UNDER SECTION 529 OF THE INTERNAL REVENUE CODE NORTH CAROLINA'S NATIONAL COLLEGE SAVINGS PROGRAM HAD 118,753 ACCOUNTS FOR 110,659 BENEFICIARIES AND A VALUE OF \$1,226,007,321 AT JUNE 30, 2013 THE PROGRAM RECEIVED SAVINGS PLAN CONTRIBUTIONS OF \$237,616,613 AND DISTRIBUTED WITHDRAWALS IN THE AMOUNT OF \$69,956,980 FOR THE YEAR ENDED JUNE 30, 2013

(Code) (Expenses \$ 4,231,560 including grants of \$) (Revenue \$ 10,993,032)

SCHOOL SERVICES, NC COMMUNITY COLLEGE GRANT PROGRAM, UNC NEED-BASED GRANT PROGRAM, NC EDUCATION LOTTERY SCHOLARSHIP PROGRAM, NC NEED-BASED SCHOLARSHIP PROGRAM, COLLEGE FUNDS INSTALLMENT PAYMENT PLAN, VICTOR E BELL, JR SCHOLARSHIP PROGRAM, MANAGEMENT AND COMPUTER SERVICES, AND MISCELLANEOUS SCHOLARSHIP PROGRAMS REVENUES REPORTED INCLUDE \$6,980,112 CURTAILMENT GAIN RELATED TO CHANGES IN A DEFINED BENEFIT POSTRETIREEMENT BENEFITS PLAN

4d Other program services (Describe in Schedule O)

(Expenses \$ 4,231,560 including grants of \$) (Revenue \$ 10,993,032)

4e Total program service expenses ► 31,162,083

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

- a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI
- b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII
- c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII
- d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX
- e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X
- f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part XI

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII

- b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

- b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

- b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

| | Yes | No |
|-----|-----|----|
| 1 | Yes | |
| 2 | | No |
| 3 | | No |
| 4 | | No |
| 5 | | No |
| 6 | | No |
| 7 | | No |
| 8 | | No |
| 9 | Yes | |
| 10 | Yes | |
| 11a | Yes | |
| 11b | | No |
| 11c | | No |
| 11d | | No |
| 11e | Yes | |
| 11f | | No |
| 12a | Yes | |
| 12b | | No |
| 13 | | No |
| 14a | | No |
| 14b | | No |
| 15 | | No |
| 16 | | No |
| 17 | | No |
| 18 | | No |
| 19 | | No |
| 20a | | No |
| 20b | | |

Part IV Checklist of Required Schedules (continued)

| | | | | |
|-----|---|-----|-----|----|
| 21 | Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II | 21 | | No |
| 22 | Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III | 22 | | No |
| 23 | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J | 23 | Yes | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25 | 24a | | No |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I | 25b | | No |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | 28a | | No |
| a | A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | 28b | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | 28c | | No |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV | 29 | | No |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M | 30 | | No |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M | 31 | | No |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I | 32 | | No |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II | 33 | | No |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I | 34 | Yes | |
| 34 | Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 | 35a | | No |
| 35a | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35b | | |
| b | If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 | 36 | Yes | |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 | 37 | | No |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI | 38 | Yes | |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? | | | |
| | Note. All Form 990 filers are required to complete Schedule O | | | |

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

| | | Yes | No |
|--|------------------|---------------|----|
| 1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable | 1a 53,222 | | |
| b Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable | 1b 0 | | |
| c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | | 1c Yes | |
| 2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return | 2a 232 | | |
| b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | 2b Yes | |
| 3a Did the organization have unrelated business gross income of \$1,000 or more during the year? | | 3a | No |
| b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O | | 3b | |
| 4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | | 4a | No |
| b If "Yes," enter the name of the foreign country See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | |
| 5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | | 5a | No |
| b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | 5b | No |
| c If "Yes," to line 5a or 5b, did the organization file Form 8886-T? | | 5c | |
| 6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? | | 6a | No |
| b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | 6b | |
| 7 Organizations that may receive deductible contributions under section 170(c). | | 7a | No |
| a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? | | 7b | |
| b If "Yes," did the organization notify the donor of the value of the goods or services provided? | | 7c | No |
| c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | 7d | |
| d If "Yes," indicate the number of Forms 8282 filed during the year | | 7e | No |
| e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | | 7f | No |
| f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | 7g | |
| g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | | 7h | |
| h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | | 8 | No |
| 8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | | 9a | |
| 9 Sponsoring organizations maintaining donor advised funds. | | 9b | |
| a Did the organization make any taxable distributions under section 4966? | | | |
| b Did the organization make a distribution to a donor, donor advisor, or related person? | | | |
| 10 Section 501(c)(7) organizations. Enter | | 10a | |
| a Initiation fees and capital contributions included on Part VIII, line 12 | 10b | | |
| b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | | | |
| 11 Section 501(c)(12) organizations. Enter | | 11a | |
| a Gross income from members or shareholders | 11b | | |
| b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) | | | |
| 12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | | 12a | |
| b If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | | |
| 13 Section 501(c)(29) qualified nonprofit health insurance issuers. | | 13a | |
| a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O | | | |
| b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | | |
| c Enter the amount of reserves on hand | 13c | | |
| 14a Did the organization receive any payments for indoor tanning services during the tax year? | | 14a | No |
| b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O | | 14b | |

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

| | | Yes | No |
|--|-----------|-----|----|
| 1a Enter the number of voting members of the governing body at the end of the tax year | 1a | 9 | |
| If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O | | | |
| b Enter the number of voting members included in line 1a, above, who are independent | 1b | 9 | |
| 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | | No |
| 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | 3 | | No |
| 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | | No |
| 5 Did the organization become aware during the year of a significant diversion of the organization's assets? | 5 | | No |
| 6 Did the organization have members or stockholders? | 6 | Yes | |
| 7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | 7a | Yes | |
| b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | 7b | | No |
| 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | 8a | Yes | |
| a The governing body? | 8b | Yes | |
| b Each committee with authority to act on behalf of the governing body? | 9 | | No |
| 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | | | |

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

| | Yes | No |
|---|------------|-----|
| 10a Did the organization have local chapters, branches, or affiliates? | 10a | No |
| b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | 10b | |
| 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | 11a | Yes |
| b Describe in Schedule O the process, if any, used by the organization to review this Form 990 | | |
| 12a Did the organization have a written conflict of interest policy? If "No," go to line 13 | 12a | Yes |
| b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | Yes |
| c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done | 12c | Yes |
| 13 Did the organization have a written whistleblower policy? | 13 | Yes |
| 14 Did the organization have a written document retention and destruction policy? | 14 | Yes |
| 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | 15a | Yes |
| a The organization's CEO, Executive Director, or top management official | 15b | Yes |
| b Other officers or key employees of the organization | | |
| If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) | | |
| 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | 16a | No |
| b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? | 16b | |

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed
- 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply

Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
WENDY H MCALISTER 2917 HIGHWOODS BLVD RALEIGH, NC (919) 834-2893

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response to any question in this Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

 Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099- MISC) | (E) Reportable compensation from related organizations (W-2/1099- MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|---|--|-----------------------|--------|--------------|---------------------|--------|--|---|--|
| | | Individual trustee or director | Institutional Trustee | Office | Key employee | Highest compensated | Former | | | |
| (1) CHARLES J STEWART CHAIRMAN OF THE BOARD | 1 00 | X | | | | | | 0 | 0 | 0 |
| (2) ROBERT F LOWE VICE CHAIRMAN OF THE BOARD | 1 00 | X | | | | | | 0 | 0 | 0 |
| (3) STEPHEN G ASHWORTH TREASURER OF THE BOARD | 1 00 | X | | | | | | 0 | 0 | 0 |
| (4) JAMES O FRYE TRUSTEE | 30 | X | | | | | | 0 | 0 | 0 |
| (5) ROBERT E HAMMERSLEY JR TRUSTEE | 1 00 | X | | | | | | 0 | 0 | 0 |
| (6) HAL S JOHNSON TRUSTEE | 70 | X | | | | | | 0 | 0 | 0 |
| (7) TATE C JOHNSON TRUSTEE | 60 | X | | | | | | 0 | 0 | 0 |
| (8) HILDA PINNIX-RAGLAND TRUSTEE | 1 00 | X | | | | | | 0 | 0 | 0 |
| (9) M E VALENTINE JR TRUSTEE | 1 00 | X | | | | | | 0 | 0 | 0 |
| (10) A HOPE WILLIAMS TRUSTEE | 1 00 | X | | | | | | 0 | 0 | 0 |
| (11) QUANTELLA WILLIAMS TRUSTEE | 30 | X | | | | | | 0 | 0 | 0 |
| (12) WENDY H MCALISTER PRESIDENT & CEO | 53 00 | | X | | | | | 169,901 | 0 | 18,679 |
| (13) KARL D VASS JR SECRETARY & TREASURER | 50 00 | | X | | | | | 123,494 | 0 | 17,188 |
| (14) SHERA J HUBE VICE PRESIDENT | 44 00 | | X | | | | | 138,425 | 0 | 17,863 |
| (15) PATRICK J KAISER VICE PRESIDENT | 60 00 | | X | | | | | 157,541 | 0 | 27,857 |
| (16) ROSE MARY STELMA VICE PRESIDENT | 47 00 | | X | | | | | 87,735 | 0 | 14,933 |
| (17) RICHARD H FERNEYHOUGH IT DEVELOPMENT MANAGER | 46 00 | | | | X | | | 116,253 | 0 | 13,393 |

Part VII. Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

| | | | | |
|--|---|-----------|---|---------|
| 1b Sub-Total | ► | | | |
| c Total from continuation sheets to Part VII, Section A . . . | ► | | | |
| d Total (add lines 1b and 1c) | ► | 1,041,008 | 0 | 142,120 |

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ►7

| | Yes | No |
|--|-----------------|-----------|
| 3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> | 3 Yes | |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> | 4 Yes | |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> | 5 | No |

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|--------------------------------|---------------------|
| EASY BLUE SOLUTIONS LLC , 7324 BARHAM HOLLOW WAKE FOREST NC 27587 | COMPUTER PROGRAMMING | 187,174 |
| KOONCE WOOTEN & HAYWOOD LLP 4060 BARRETT DRIVE RALEIGH NC 27609 | AUDITING | 142,265 |
| ATBS CONSULTING , 537 RAINBOW ROAD ADVANCE NC 27006 | IT CONSULTING | 134,218 |
| | | |
| | | |
| | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **3**

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII

| | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 | |
|--|--|----------------------|--|---|---|--|
| Contributions, Gifts, Grants and Other Similar Amounts | 1a Federated campaigns | 1a | | | | |
| | b Membership dues | 1b | | | | |
| | c Fundraising events | 1c | | | | |
| | d Related organizations | 1d | | | | |
| | e Government grants (contributions) | 1e | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | |
| | g Noncash contributions included in lines 1a-1f \$ | | | | | |
| | h Total. Add lines 1a-1f | | | | | |
| Program Service Revenue | 2a EDUCATIONAL LOAN PROGRAMS | Business Code | | | | |
| | | 611710 | 18,442,152 | 18,442,152 | | |
| | b INFORMATION DISSEMINATION INITIAT | | 5,361,783 | 5,361,783 | | |
| | c NC529 COLLEGE SAVINGS PROGRAM | | 3,169,885 | 3,169,885 | | |
| | d SCHOOL SERVICES | | 2,539,330 | 2,539,330 | | |
| | e | | | | | |
| | f All other program service revenue | | 1,473,590 | 1,473,590 | | |
| | g Total. Add lines 2a-2f | | 30,986,740 | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | 813 | | 813 | |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | |
| | 5 Royalties | | | | | |
| | 6a Gross rents | (I) Real | (II) Personal | | | |
| | | 445,492 | | | | |
| | b Less rental expenses | 248,698 | | | | |
| | c Rental income or (loss) | 196,794 | | | | |
| | d Net rental income or (loss) | | 196,794 | | 196,794 | |
| 7a Gross amount from sales of assets other than inventory | (I) Securities | (II) Other | | | | |
| b Less cost or other basis and sales expenses | | | | | | |
| c Gain or (loss) | | | | | | |
| d Net gain or (loss) | | | | | | |
| 8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 | | | | | | |
| b Less direct expenses | a | | | | | |
| c Net income or (loss) from fundraising events | b | | | | | |
| 9a Gross income from gaming activities See Part IV, line 19 | a | | | | | |
| b Less direct expenses | b | | | | | |
| c Net income or (loss) from gaming activities | | | | | | |
| 10a Gross sales of inventory, less returns and allowances | a | | | | | |
| b Less cost of goods sold | b | | | | | |
| c Net income or (loss) from sales of inventory | | | | | | |
| Miscellaneous Revenue | Business Code | | | | | |
| 11a CURTAILMENT GAIN - POSTRETIREMENT | 900099 | 6,980,112 | 6,980,112 | | | |
| b | | | | | | |
| c | | | | | | |
| d All other revenue | | | | | | |
| e Total. Add lines 11a-11d | | 6,980,112 | | | | |
| 12 Total revenue. See Instructions | | 38,164,459 | 37,966,852 | 0 | 197,607 | |

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response to any question in this Part IX

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|--|-------------------------------|---|--|---|
| 1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21 | | | | |
| 2 Grants and other assistance to individuals in the United States See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 868,657 | 807,498 | 61,159 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 10,643,778 | 9,894,239 | 749,539 | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 339,462 | 315,346 | 24,116 | |
| 9 Other employee benefits | 2,372,925 | 2,207,530 | 165,395 | |
| 10 Payroll taxes | 862,825 | 802,040 | 60,785 | |
| 11 Fees for services (non-employees) | | | | |
| a Management | | | | |
| b Legal | 44,851 | 9,414 | 35,437 | |
| c Accounting | 264,291 | 153,186 | 111,105 | |
| d Lobbying | | | | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees | 12,000 | 12,000 | | |
| g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) | 1,769,347 | 1,722,752 | 46,595 | |
| 12 Advertising and promotion | 2,824,894 | 2,824,894 | | |
| 13 Office expenses | 2,067,929 | 2,017,197 | 50,732 | |
| 14 Information technology | 4,459,532 | 4,013,714 | 445,818 | |
| 15 Royalties | | | | |
| 16 Occupancy | 495,643 | 462,329 | 33,314 | |
| 17 Travel | 167,735 | 163,973 | 3,762 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 6,184 | 6,184 | | |
| 20 Interest | | | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 2,145,949 | 2,007,355 | 138,594 | |
| 23 Insurance | 96,372 | 90,763 | 5,609 | |
| 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O) | | | | |
| a POSTRETIREMENT CONTRIB | 3,106,339 | 2,891,977 | 214,362 | |
| b COMPUTERIZED SERVICES | 638,584 | 599,194 | 39,390 | |
| c STAFF TRAINING & DEVELO | 78,277 | 74,742 | 3,535 | |
| d MM SUBSIDY COSTS | 30,394 | 30,394 | | |
| e All other expenses | 58,331 | 55,362 | 2,969 | |
| 25 Total functional expenses. Add lines 1 through 24e | 33,354,299 | 31,162,083 | 2,192,216 | 0 |
| 26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► if following SOP 98-2 (ASC 958-720) | | | | |

Part X Balance SheetCheck if Schedule O contains a response to any question in this Part X

| | | (A) Beginning of year | (B) End of year |
|------------------------------------|--|---------------------------------|----------------------------------|
| Assets | | | |
| 1 | Cash—non-interest-bearing | 485,541 | 1 494,436 |
| 2 | Savings and temporary cash investments | 19,916,645 | 2 16,814,962 |
| 3 | Pledges and grants receivable, net | 3 | |
| 4 | Accounts receivable, net | 8,051,649 | 4 9,771,645 |
| 5 | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | 5 | |
| 6 | Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L | 6 | |
| 7 | Notes and loans receivable, net | 2,055 | 7 |
| 8 | Inventories for sale or use | 8 | |
| 9 | Prepaid expenses and deferred charges | 1,814,246 | 9 1,969,090 |
| 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a 49,908,860 | |
| b | Less accumulated depreciation | 10b 31,891,220 | 18,042,982 10c 18,017,640 |
| 11 | Investments—publicly traded securities | 11 | |
| 12 | Investments—other securities See Part IV, line 11 | 12 | |
| 13 | Investments—program-related See Part IV, line 11 | 13 | 1,794,406 2,316,281 |
| 14 | Intangible assets | 14 | |
| 15 | Other assets See Part IV, line 11 | 15 | 214,599 207,845 |
| 16 | Total assets. Add lines 1 through 15 (must equal line 34) | 16 50,322,123 | 49,591,899 |
| Liabilities | | | |
| 17 | Accounts payable and accrued expenses | 3,315,721 | 17 2,721,600 |
| 18 | Grants payable | 18 | |
| 19 | Deferred revenue | 19 | 1,981,464 |
| 20 | Tax-exempt bond liabilities | 20 | |
| 21 | Escrow or custodial account liability Complete Part IV of Schedule D | 21 | 6,373 37,759 |
| 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | 22 | |
| 23 | Secured mortgages and notes payable to unrelated third parties | 23 | |
| 24 | Unsecured notes and loans payable to unrelated third parties | 24 | |
| 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | 25 | 11,130,162 7,662,394 |
| 26 | Total liabilities. Add lines 17 through 25 | 26 14,452,256 | 12,403,217 |
| Net Assets or Fund Balances | | | |
| 27 | Unrestricted net assets | 35,281,166 | 27 36,592,416 |
| 28 | Temporarily restricted net assets | 36,997 | 28 41,266 |
| 29 | Permanently restricted net assets | 551,704 | 29 555,000 |
| 30 | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | |
| 31 | Capital stock or trust principal, or current funds | 30 | |
| 32 | Paid-in or capital surplus, or land, building or equipment fund | 31 | |
| 33 | Retained earnings, endowment, accumulated income, or other funds | 32 | |
| 34 | Total net assets or fund balances | 33 35,869,867 | 37,188,682 |
| | Total liabilities and net assets/fund balances | 34 50,322,123 | 49,591,899 |

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI

| | | | |
|----|---|----|------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 38,164,459 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 33,354,299 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 4,810,160 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 35,869,867 |
| 5 | Net unrealized gains (losses) on investments | 5 | |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | 600,351 |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | -4,091,696 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 37,188,682 |

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

| | Yes | No |
|---|-----|-----|
| 1 Accounting method used to prepare the Form 990 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O | | |
| 2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis | 2a | No |
| 2b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis | 2b | Yes |
| 2c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O | 2c | Yes |
| 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | 3a | Yes |
| 3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits | 3b | Yes |

SCHEDULE A
(Form 990 or 990EZ)**Public Charity Status and Public Support****2012****Open to Public
Inspection**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

Department of the Treasury
Internal Revenue Service
Name of the organization
COLLEGE FOUNDATION INC

Employer identification number

56-6046937

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state _____
 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III)
 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated
 e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
 f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
 g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 (ii) A family member of a person described in (i) above?
 (iii) A 35% controlled entity of a person described in (i) or (ii) above?
 h Provide the following information about the supported organization(s)

| | Yes | No |
|----------|------------|-----------|
| 11g(i) | | No |
| 11g(ii) | | No |
| 11g(iii) | | No |

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? | | (v) Did you notify the organization in col (i) of your support? | | (vi) Is the organization in col (i) organized in the U S ? | | (vii) Amount of monetary support |
|---|-----------------|---|---|-----------|--|-----------|---|-----------|---|
| | | | Yes | No | Yes | No | Yes | No | |
| (A) STATE OF NC | 566172047 | 6 | | No | Yes | | Yes | | 0 |
| | | | | | | | | | |
| Total | | | | | | | | | 0 |

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") | | | | | | |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 Total. Add lines 1 through 3 | | | | | | |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | |
| 6 Public support. Subtract line 5 from line 4 | | | | | | |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ► | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 7 Amounts from line 4 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) | | | | | | |
| 11 Total support (Add lines 7 through 10) | | | | | | |
| 12 Gross receipts from related activities, etc (see instructions) | | | | | 12 | |
| 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here | | | | | | |

Section C. Computation of Public Support Percentage

| | | |
|---|----|---|
| 14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) | 14 | |
| 15 Public support percentage for 2011 Schedule A, Part II, line 14 | 15 | |
| 16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization | | ► |
| b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization | | ► |
| 17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization | | ► |
| b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization | | ► |
| 18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions | | ► |

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") | | | | | | |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | | | | | | |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 Total. Add lines 1 through 5 | | | | | | |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 Public support (Subtract line 7c from line 6) | | | | | | |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ► | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) | | | | | | |
| 13 Total support. (Add lines 9, 10c, 11, and 12) | | | | | | |
| 14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here | | | | | | |

Section C. Computation of Public Support Percentage

| | |
|---|----|
| 15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)) | 15 |
| 16 Public support percentage from 2011 Schedule A, Part III, line 15 | 16 |

Section D. Computation of Investment Income Percentage

| | |
|--|----|
| 17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)) | 17 |
| 18 Investment income percentage from 2011 Schedule A, Part III, line 17 | 18 |
| 19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization | |
| b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization | |
| 20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions | |

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE A, PART IV, SUPPLEMENTAL INFORMATION PART 1, LINE 11H, COLUMN (IV) THE FOUNDATION HAS A HISTORIC AND CONTINUING RELATIONSHIP WITH THE STATE OF NORTH CAROLINA AND A SUBSTANTIAL IDENTITY OF INTERESTS EXISTS BETWEEN THE ORGANIZATIONS PART 1, LINE 11H, COLUMN (VII) THE FOUNDATION SERVICES THE LOANS THAT WERE ORIGINATED UNDER NORTH CAROLINA'S FEDERAL FAMILY EDUCATION LOAN PROGRAM AND ADMINISTERS VARIOUS PROGRAMS FOR THE NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, A POLITICAL SUBDIVISION OF THE STATE OF NORTH CAROLINA

SCHEDULE D
(Form 990)**Supplemental Financial Statements****2012****Open to Public
Inspection**

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
 ► Attach to Form 990. ► See separate instructions.

Name of the organization
COLLEGE FOUNDATION INC

Employer identification number
56-6046937

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

| | (a) Donor advised funds | (b) Funds and other accounts |
|--|-------------------------|------------------------------|
| 1 Total number at end of year | | |
| 2 Aggregate contributions to (during year) | | |
| 3 Aggregate grants from (during year) | | |
| 4 Aggregate value at end of year | | |

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? Yes No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

| | |
|---|---|
| 1 Purpose(s) of conservation easements held by the organization (check all that apply) | <input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area |
| | <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure |
| | <input type="checkbox"/> Preservation of open space |
| 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year | |
| a Total number of conservation easements | Held at the End of the Year |
| b Total acreage restricted by conservation easements | 2a |
| c Number of conservation easements on a certified historic structure included in (a) | 2b |
| d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | 2c |
| 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____ | 2d |
| 4 Number of states where property subject to conservation easement is located ► _____ | |
| 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| 6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ► _____ | |
| 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ _____ | |
| 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements | |

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

| | |
|---|------------|
| (i) Revenues included in Form 990, Part VIII, line 1 | ► \$ _____ |
| (ii) Assets included in Form 990, Part X | ► \$ _____ |
| 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items | |
| a Revenues included in Form 990, Part VIII, line 1 | ► \$ _____ |
| b Assets included in Form 990, Part X | ► \$ _____ |

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

| | |
|---|---|
| a <input type="checkbox"/> Public exhibition | d <input type="checkbox"/> Loan or exchange programs |
| b <input type="checkbox"/> Scholarly research | e <input type="checkbox"/> Other |
| c <input type="checkbox"/> Preservation for future generations | |

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table

| | Amount |
|-----------|---------------|
| 1c | 8,580,915 |
| 1d | 1,547,910,659 |
| 1e | 1,546,302,621 |
| 1f | 10,188,953 |

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

| | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance | 3,708,000 | 3,698,109 | 3,679,457 | 3,669,596 | 3,609,919 |
| b Contributions | 778,460 | 10 | | | |
| c Net investment earnings, gains, and losses | 15,322 | 25,333 | 24,187 | 16,660 | 65,480 |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | 15,452 | 5,535 | 6,799 | 5,803 |
| g End of year balance | 4,501,782 | 3,708,000 | 3,698,109 | 3,679,457 | 3,669,916 |

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ► 87 580 %

b Permanent endowment ► 12 330 %

c Temporarily restricted endowment ► 0 090 %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

| | | |
|--------------|------------------------------|-----------------------------|
| 3a(i) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|--------------|------------------------------|-----------------------------|

(ii) related organizations

| | | |
|---------------|------------------------------|-----------------------------|
| 3a(ii) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|---------------|------------------------------|-----------------------------|

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

| | | |
|-----------|------------------------------|-----------------------------|
| 3b | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|-----------|------------------------------|-----------------------------|

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

| | Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|-------------------------|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land | | 961,308 | 1,302,882 | | 2,264,190 |
| b Buildings | | 3,909,411 | 12,436,030 | 4,709,004 | 11,636,437 |
| c Leasehold improvements | | | | | |
| d Equipment | | 18,834,472 | 16,153,770 | 2,680,702 | |
| e Other | | 12,464,757 | 11,028,446 | 1,436,311 | |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | | 18,017,640 |

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|----------------|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| Other | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 12) | | |

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

| (a) Description of investment type | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|----------------|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 13) | | |

Part IX Other Assets. See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|----------------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 15) | 7,662,394 |

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

| | | | |
|---|--|----|------------|
| 1 | Total revenue, gains, and other support per audited financial statements | 1 | 38,164,459 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | |
| a | Net unrealized gains on investments | 2a | |
| b | Donated services and use of facilities | 2b | |
| c | Recoveries of prior year grants | 2c | |
| d | Other (Describe in Part XIII) | 2d | |
| e | Add lines 2a through 2d | 2e | 0 |
| 3 | Subtract line 2e from line 1 | 3 | 38,164,459 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1 | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIII) | 4b | |
| c | Add lines 4a and 4b | 4c | 0 |
| 5 | Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12) | 5 | 38,164,459 |

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | |
|---|---|----|------------|
| 1 | Total expenses and losses per audited financial statements | 1 | 33,354,299 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | |
| a | Donated services and use of facilities | 2a | |
| b | Prior year adjustments | 2b | |
| c | Other losses | 2c | |
| d | Other (Describe in Part XIII) | 2d | |
| e | Add lines 2a through 2d | 2e | 0 |
| 3 | Subtract line 2e from line 1 | 3 | 33,354,299 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIII) | 4b | |
| c | Add lines 4a and 4b | 4c | 0 |
| 5 | Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18) | 5 | 33,354,299 |

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information

| Identifier | Return Reference | Explanation |
|--|------------------|---|
| | PART IV, LINE 1B | THE FOUNDATION SERVES AS TRUSTEE OR AGENT FOR THE NC STATE EDUCATION ASSISTANCE AUTHORITY LOAN FUND, BANKS PARTICIPATING IN THE ASSIGNED LOAN FUND, AND PARTICIPANTS IN THE SPECIAL LOAN FUND AS LOAN PROCEEDS INCLUDING PRINCIPAL AND INTEREST PAYMENTS ARE COLLECTED FROM BORROWERS AND OTHER PAYERS, THE FUNDS ARE PROMPTLY REMITTED TO THE APPLICABLE FUNDING SOURCE. THE FOUNDATION SERVES AS AGENT FOR THE NC STATE EDUCATION ASSISTANCE AUTHORITY IN THE ADMINISTRATION OF VARIOUS GRANT AND SCHOLARSHIP PROGRAMS FUNDS PROVIDED BY THE AUTHORITY ARE DISBURSED TO THE COLLEGES AND UNIVERSITIES PARTICIPATING IN THE PROGRAMS FOR AWARD TO ELIGIBLE STUDENTS AS AGENT FOR THE NC STATE EDUCATION ASSISTANCE AUTHORITY IN THE ADMINISTRATION OF NORTH CAROLINA'S NATIONAL COLLEGE SAVINGS PROGRAM, THE FOUNDATION RECEIVES CONTRIBUTIONS FROM PARTICIPANTS AND PASSES THE FUNDS TO THE APPROPRIATE INVESTMENT FUND MANAGER. FUNDS ARE ALSO OBTAINED BACK FROM THE INVESTMENT FUND MANAGERS IN ORDER TO DISTRIBUTE THEM AS DIRECTED BY PARTICIPANTS |
| | PART IV, LINE 2B | THE FOUNDATION OPERATES THE COLLEGE FUNDS INSTALLMENT PAYMENT PLAN. STUDENTS ENROLLED IN NC COLLEGES AND UNIVERSITIES THAT PARTICIPATE IN THE PLAN MAKE INTEREST-FREE MONTHLY PAYMENTS THAT THE FOUNDATION, ACTING AS AGENT, COLLECTS AND FORWARDS TO THE APPROPRIATE SCHOOL |
| DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS | PART V, LINE 4 | ENDOWMENT FUNDS ARE FOR USE AS STUDENT LOANS OR SCHOLARSHIPS |

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

Department of the Treasury
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
► Attach to Form 990. ► See separate instructions.

2012**Open to Public Inspection**Name of the organization
COLLEGE FOUNDATION INC

Employer identification number

56-6046937

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

| | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

| | |
|---|---|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?

Yes**No**

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

4a**No**

c Participate in, or receive payment from, an equity-based compensation arrangement?

4b**No**

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

4c**No****Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

5a**No**

b Any related organization?

5b**No**

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

6a**No**

b Any related organization?

6b**No**

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

7**No**

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

8**No**

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

9**No**

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

| (A) Name and Title | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported as deferred in prior Form 990 |
|--|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|
| | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) WENDY H MCALISTER PRESIDENT & CEO | (i) 169,550 (ii) 0 | (i) 0 (ii) 0 | (i) 351 (ii) 0 | (i) 7,739 (ii) 0 | (i) 10,940 (ii) 0 | (i) 188,580 (ii) 0 | (i) 0 (ii) 0 |
| (2) SHERA J HUBE VICE PRESIDENT | (i) 136,882 (ii) 0 | (i) 0 (ii) 0 | (i) 1,543 (ii) 0 | (i) 8,340 (ii) 0 | (i) 9,523 (ii) 0 | (i) 156,288 (ii) 0 | (i) 0 (ii) 0 |
| (3) PATRICK J KAISER VICE PRESIDENT | (i) 156,536 (ii) 0 | (i) 0 (ii) 0 | (i) 1,005 (ii) 0 | (i) 9,960 (ii) 0 | (i) 17,897 (ii) 0 | (i) 185,398 (ii) 0 | (i) 0 (ii) 0 |
| (4) JAMES I AVETT III FORMER PRESIDENT & CEO | (i) 134,909 (ii) 0 | (i) 0 (ii) 0 | (i) 1,563 (ii) 0 | (i) 6,632 (ii) 0 | (i) 9,054 (ii) 0 | (i) 152,158 (ii) 0 | (i) 0 (ii) 0 |

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
|------------|------------------|-------------|

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
► Attach to Form 990 or 990-EZ.

2012**Open to Public
Inspection**Name of the organization
COLLEGE FOUNDATION INC**Employer identification number**
56-6046937

| Identifier | Return Reference | Explanation |
|---|---|--|
| | FORM 990, PART VI, SECTION A, LINE 6 | THE GOVERNOR OF THE STATE OF NORTH CAROLINA HAS THE POWER TO APPOINT THE TRUSTEES OF COLLEGE FOUNDATION, INC |
| | FORM 990, PART VI, SECTION A, LINE 7A | MEMBERS OF THE BOARD OF TRUSTEES ARE APPOINTED BY THE GOVERNOR OF THE STATE OF NORTH CAROLINA |
| | FORM 990, PART VI, SECTION B, LINE 11 | THE FORM 990 IS COMPLETED BY THE FINANCIAL SERVICES MANAGER AND IS THEN REVIEWED BY THE VICE PRESIDENT OF FINANCIAL SERVICES AND GENERAL COUNSEL PRIOR TO BEING SUBMITTED TO THE CEO FOR HER REVIEW COPIES OF THE APPROVED FORM ARE THEN SENT TO ALL MEMBERS OF THE BOARD OF TRUSTEES PRIOR TO FILING WITH THE IRS |
| | FORM 990, PART VI, SECTION B, LINE 12C | THE FOUNDATION REQUIRES OFFICERS AND TRUSTEES TO ANNUALLY COMPLETE A "CERTIFICATION OF COMPLIANCE WITH THE CODE OF ETHICS AND CONFLICT OF INTEREST POLICY" FORM AND MONITORS FOR THE TIMELY COMPLETION OF THE CERTIFICATION BY ALL OFFICERS AND TRUSTEES |
| | FORM 990, PART VI, SECTION B, LINE 15 | ALL JOBS IN THE FOUNDATION, INCLUDING THOSE OF THE CEO AND OTHER EXECUTIVES, ARE ASSIGNED JOB GRADES BASED ON LEVEL OF RESPONSIBILITY AND SIGNIFICANCE OF DUTIES PERFORMED JOB GRADES ARE BENCHMARKED BY EVALUATING JOBS WITH SIMILAR JOB FUNCTIONS IN ORGANIZATIONS LOCATED PRINCIPALLY IN CENTRAL AND EASTERN NORTH CAROLINA ANNUALLY SALARY RANGES FOR EACH JOB GRADE ARE COMPARED AGAINST THOSE PROVIDED BY PEERS IN THIS GEOGRAPHIC AREA THIS IS ACCOMPLISHED VIA SURVEYS PROVIDED BY CAPITAL ASSOCIATED INDUSTRIES AND OTHER HUMAN RESOURCE FIRMS THE COMPENSATION FOR THE OFFICERS AS WELL AS THE REST OF THE STAFF IS DETERMINED BY THOSE SALARY REVIEWS, INDIVIDUAL JOB PERFORMANCE, ECONOMIC CONDITIONS, AND APPROVAL BY THE BOARD OF TRUSTEES PERIODICALLY AN OUTSIDE CONSULTING FIRM IS HIRED TO PROVIDE AN INDEPENDENT REVIEW OF JOB GRADES AND SALARY RANGES |
| | FORM 990, PART VI, SECTION C, LINE 19 | THE FOUNDATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC BY PROVIDING COPIES OR ALLOWING FOR INSPECTION UPON REQUEST CORPORATE FILINGS MAY BE VIEWED ON THE WEBSITE OF THE NC SECRETARY OF STATE |
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 9 | POSTRETIREMENT-RELATED CHANGES OTHER THAN NET PERIODIC POST RETIREMENT -4,091,696 COSTS AS CALCULATED CONSISTENT WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES |

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
COLLEGE FOUNDATION INC

Employer identification number

56-6046937

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

| (a) Name, address, and EIN (if applicable) of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|-------------------------|--|---------------------|---------------------------|----------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

| | Yes | No |
|----|-----|----|
| 1a | | No |
| 1b | | No |
| 1c | | No |
| 1d | | No |
| 1e | | No |
| 1f | | No |
| 1g | | No |
| 1h | | No |
| 1i | | No |
| 1j | | No |
| 1k | | No |
| 1l | Yes | |
| 1m | | No |
| 1n | | No |
| 1o | | No |
| 1p | | No |
| 1q | Yes | |
| 1r | Yes | |
| 1s | | No |

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

| (a) Name of other organization | (b) Transaction type (a-s) | (c) Amount involved | (d) Method of determining amount involved |
|---|-------------------------------|------------------------|--|
| (1) NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY | L | 26,412,431 | SERVICE FEE REVENUE |
| (2) NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY | Q | 8,339,551 | CASH REIMB RECD FOR AR EXPENSES |
| (3) NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY | R | 1,289,378 | EXCESS PROGRAM REVENUE RETURNED |
| (4) COLLEGE FOUNDATION INC VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION TRUST | R | 3,988,502 | TRUST STATEMENT |
| | | | |
| | | | |
| | | | |

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

Software ID:
Software Version:
EIN: 56-6046937
Name: COLLEGE FOUNDATION INC

Schedule R (Form 990) 2012

Page 5

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

| Identifier | Return Reference | Explanation | |
|------------|------------------|-------------|--|
| --> | | | |