

THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA
AT GREENSBORO

(A Component Unit of The University
of North Carolina at Greensboro)

FINANCIAL REPORT

YEARS ENDED JUNE 30, 2022 AND 2021



**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
Table of Contents**

	<u>Page No.</u>
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 5
<i>Financial Statements</i>	
Statements of Net Position	6
Statements of Changes in Net Position	7
Notes to Financial Statements	8 – 12
<i>Supplementary Information</i>	
Statement of Cash Flows.....	13
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14 - 15



Independent Auditor's Report

To the Board of Directors
The Endowment Fund of The University of North Carolina at Greensboro
Greensboro, North Carolina

Opinion

We have audited the accompanying financial statements of The Endowment Fund of The University of North Carolina at Greensboro, which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Endowment Fund of The University of North Carolina at Greensboro as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of The Endowment Fund of The University of North Carolina at Greensboro and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, on our consideration of the Endowment Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contract and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Endowment Fund's internal control over financial reporting and compliance.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
November 15, 2022

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022**

Introduction

The Endowment Fund of The University of North Carolina at Greensboro (the "Endowment Fund") provides the following management discussion and analysis ("MD&A") as an overview of the financial activities for the fiscal year ended June 30, 2022. This discussion, along with the following financial statements and related footnote disclosures, has been prepared by management and comprise the Endowment Fund's complete financial report. The financial statements, footnotes and this discussion are the responsibility of management.

The purpose of the MD&A is to identify significant transactions that have financial impact and to highlight favorable and unfavorable trends. However, this discussion and analysis should be read in conjunction with, and is qualified in its entirety by, the related financial statements and footnotes.

Using the Financial Report

The Endowment Fund's financial report includes two financial statements: the statements of net position and the statements of changes in net position. The Endowment Fund is a part of the University of North Carolina at Greensboro's (the "University") financial report and therefore is prepared in accordance with Governmental Accounting Standards Board ("GASB") principles.

Statements of Net Position

The statement of net position is a point of time financial statement that presents the assets, liabilities, and net position of the Endowment Fund. The purpose of this financial statement is to present to the readers of the Endowment Fund's financial report a fiscal snapshot as of the end of its fiscal year (i.e., June 30th).

From the data presented, readers of these statements are able to determine the assets available to continue the operations of the Endowment Fund. The statements of net position also provide a picture of the net position (assets minus liabilities) and their availability for expenditure by the Endowment Fund. Net position is divided into two major categories: unrestricted net assets; and restricted net assets, which are reflected in two subcategories – expendable and nonexpendable. These two categories of net position are discussed further in the footnotes to the financial statements.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets	<u>\$ 194,162,963</u>	<u>\$ 208,525,259</u>	<u>\$ 168,207,110</u>
Net position:			
Restricted:			
Nonexpendable	79,986,360	78,277,171	76,909,535
Expendable	105,445,590	120,420,501	83,771,168
Unrestricted	<u>8,731,013</u>	<u>9,827,587</u>	<u>7,526,507</u>
Total net position	<u><u>\$ 194,162,963</u></u>	<u><u>\$ 208,525,259</u></u>	<u><u>\$ 168,207,210</u></u>

The total assets of the Endowment Fund decreased by approximately \$14.4 million and increased by \$40.3 million and decreased \$543,000 for the years ended June 30, 2022, 2021, and 2020, respectively. The decreases in net assets are attributable to investment performance, and the increases in net assets are attributable primarily to new gifts to the Fund and investment performance.

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022**

Statements of Net Position (Continued)

The Endowment Fund invests in the University of North Carolina at Greensboro Investment Fund, Incorporated (the "Investment Fund"). The pooled investments of the Investment Fund totaled approximately \$368 million at June 30, 2022, of which the Endowment Fund owns 52.7 percent. The Investment Fund invests in UNCG Endowment Partners, LP which is a professionally managed portfolio that contains domestic and foreign common shares of publicly-traded companies, mutual funds, and investment partnerships. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. The Investment Fund's total assets decreased by approximately \$14 million. The Fund lost 7 percent for the fiscal year.

Statement of Changes in Net Position

Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of changes in net position. The purpose of this statement is to present the additions, deductions and net increase to the Endowment Fund.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contributions	\$ 5,130,746	\$ 1,752,639	\$ 3,095,366
Investment income (loss)	(10,281,287)	48,765,876	5,301,390
Transfers to the University	(9,211,755)	(10,200,466)	(8,939,791)
Increase (decrease) in net position	(14,362,296)	40,318,049	(543,035)
Beginning net position	208,525,259	168,207,210	168,750,245
Ending net position	<u>\$ 194,162,963</u>	<u>\$ 208,525,259</u>	<u>\$ 168,207,210</u>

The statements of changes in net position reflects a decrease in 2022 and 2020 and an increase in 2021. The increase is due to gain on endowment investments and additions to the permanent endowments and the decreases are mostly due to market volatility. The most significant deductions are investment losses and transfers to the University for scholarships, fellowships, and departmental spending.

Economic Outlook

Management is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the Endowment Fund's long-term financial position. Market volatility may have a short-term impact on the results of operations for fiscal year 2021-2022 not unlike that experienced for the past several years. We will maintain a close watch over resources, so that the Fund will be able to react to currently unknown internal and external issues.

Management will continue to employ the Endowment Fund's long-term investment strategy to maximize total returns, at an appropriate level of risk, while utilizing a spending rate policy to insulate the Endowment Fund's operations from temporary market volatility.

While it is not possible to predict ultimate results, we believe that the Endowment Fund's overall financial condition is strong enough and the Fund's asset allocation is structured to weather most economic uncertainties.

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
Statements of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Other assets	\$ 135	\$ 1,236
Endowment investments	194,209,243	208,706,273
Total assets	<u>\$ 194,209,378</u>	<u>\$ 208,707,509</u>
<u>Liabilities</u>		
Payments in excess of cash balance	\$ 46,415	\$ 182,250
Total liabilities	<u>\$ 46,415</u>	<u>\$ 182,250</u>
<u>Net Position</u>		
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	\$ 40,231,963	\$ 39,265,179
Endowed professorships	19,289,322	18,696,800
Departmental uses	17,204,626	16,789,843
Loans	214,943	214,943
Other	3,045,506	3,310,406
Expendable:		
Scholarships and fellowships	54,271,536	62,898,848
Endowed professorships	26,219,167	30,430,649
Departmental uses	24,080,599	26,111,268
Loans	731,143	820,170
Other	143,145	159,566
Unrestricted	8,731,013	9,827,587
Total net position	<u>\$ 194,162,963</u>	<u>\$ 208,525,259</u>

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
Statements of Changes in Net Position
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions:		
Contributions:		
Additions to permanent endowments	\$ 5,130,062	\$ 1,652,152
Other revenues	684	100,487
Total additions	<u>5,130,746</u>	<u>1,752,639</u>
Deductions:		
Transfers to the University	<u>9,211,755</u>	<u>10,200,466</u>
Investment income:		
Realized and unrealized gain (loss) on investments	(9,708,467)	49,124,033
Interest, dividends, and other	425,070	634,209
	<u>(9,283,397)</u>	<u>49,758,242</u>
Less investment expense	997,890	992,366
Total investment income (loss)	<u>(10,281,287)</u>	<u>48,765,876</u>
Changes in net position	(14,362,296)	40,318,049
Net position:		
Beginning of year	<u>208,525,259</u>	<u>168,207,210</u>
End of year	<u>\$ 194,162,963</u>	<u>\$ 208,525,259</u>

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
Notes to Financial Statements**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The Endowment Fund of The University of North Carolina at Greensboro (the "Endowment Fund") includes the endowments and similar funds of The University of North Carolina at Greensboro (the "University") and exists to supplement state appropriations to the end that the University may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people. These financial statements include the accounts of the Endowment Fund only and none of the other funds of the University or its affiliated organizations. The Endowment Fund is a part of the University; therefore, the Endowment Fund's financial statements are included with those of the University.

A summary of the Endowment Fund's significant accounting policies follows:

Financial Statements

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The financial statements of the Endowment Fund have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Net Assets

The Endowment Fund's net assets are classified as follows:

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

Restricted net assets, expendable: Expendable restricted net assets include resources in which the Endowment Fund is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties. Expendable net assets also include amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the governing board.

Unrestricted net assets: Unrestricted net assets include resources derived from unrestricted gifts and earnings on those gifts. Similar net assets are quasi-endowment net assets (net assets functioning as endowment) which the Board of Directors has determined are to be retained and invested. Since these net assets are internally designated rather than externally restricted, the Board of Trustees has the right to decide at any time to expend the principal.

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash with State Treasurer

In accordance with North Carolina General Statutes, the Endowment Fund deposits its cash with the State Treasurer of North Carolina. At June 30, 2022 and 2021, the Endowment Fund's portion of cash deposited with the State Treasurer was \$0. It is the State Treasurer's policy and practice for the deposits not covered by federal depository insurance to be covered by collateral held by the State of North Carolina's agent in the name of the State.

Investments

Investments are stated at fair value. Investment in the investment pool is determined on a market unit valuation basis.

NOTE 2 - INVESTMENTS

Fair value of the investments consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Investment pool	<u>\$ 194,209,243</u>	<u>\$ 208,706,273</u>

The investment pool is managed and invested by The University of North Carolina at Greensboro Investment Fund, Inc. (the "Investment Fund"). The UNCG Excellence Foundation, The Endowment Fund of The University of North Carolina at Greensboro, and The Associated Campus Ministries of The University of North Carolina at Greensboro are the sole members of the Investment Fund.

Assets and ownership interests of the investment pool are determined on a market unit valuation basis. The original basis was \$1,000 per unit. For the years ended June 30, 2022 and 2021, the total rate of return was a loss of 7% and a gain of 24.7%, respectively. As of June 30, 2022 and 2021, total units of 51,502 and 52,101 had a fair value of \$7,157.71 and \$7,535.59 per unit, and the Endowment Fund owned 27,132.865 and 27,696.065 units, respectively.

The Endowment Fund realized a net gain of \$5,447,947 and \$2,669,111 from the sale of investments for the years ended June 30, 2022 and 2021, respectively. The calculation of realized gains and losses is independent of the calculation of the increase in the fair value of investments. The respective net change in the fair value of investments during the years ended June 30, 2022 and 2021, was a gain (loss) of (\$15,156,414) and a gain (loss) of \$46,454,922, respectively. These amounts take into account all changes in the fair value (including purchases and sales) that occurred during the period. The cumulative unrealized gain on investments held at June 30, 2022 and 2021 is \$89,788,154 and \$104,944,568, respectively.

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
Notes to Financial Statements

NOTE 2 - INVESTMENTS (Continued)

The Investment Fund investment pool is diversified as follows at June 30:

	Fair Value	
	2022	2021
UNCG Endowment Partners, LP	<u>\$ 368,639,796</u>	<u>\$ 392,609,634</u>
	2022	2021
US Equity	25.9%	25.9%
Global ex US Equity	9.4%	11.5%
Emerging Markets Equity	6.9%	6.8%
Global Equity	0.5%	0.4%
Private Equity	26.5%	21.3%
US Government Securities	-	-
Diversifying Strategies	15.0%	15.2%
Inflation Sensitive	-	-
Deflation Hedging	12.8%	12.2%
Cash and Cash Equivalents	3.0%	6.7%
	<u>100.0%</u>	<u>100.0%</u>

Investments in the investment pool are stated at fair value. Equity securities and mutual funds are stated at quoted value. Investments in partnerships are stated at net unit value based on the fair value of the partnerships' assets (determined based on values supplied by pricing services, market quotations and other pricing sources believed to be reliable). The Endowment Fund invested in partnerships that place funds with various managers who invest primarily in derivatives. These partnerships consist primarily of a broadly diversified group of equity long/short managers with a small allocation to distressed and merger arbitrage managers. Detailed information regarding the derivative investments is not available to the Endowment Fund.

Credit risk: The Endowment Fund does not have a formal policy regarding credit risk.

The Endowment Fund's investment in the Investment Fund exposes the Endowment Fund to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Interest rate risk: The Endowment Fund does not have a formal investment policy that limits the investment maturities as a means of managing its exposure to fair value losses arising from interest rates.

Foreign Currency Risk: The risk that changes in exchange rates will adversely affect the value of an investment. The Endowment Fund does not have a formal policy for foreign currency risk.

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
Notes to Financial Statements

NOTE 2 - INVESTMENTS (Continued)

Although the Endowment Fund does not have a formal policy addressing credit and interest rate risks, the Investment Fund, which accounts for 100 percent of the Endowment Fund's investments at June 30, 2022 and 2021, does have a policy addressing those risks. The policy governing the investments in the investment pool is as follows:

Investment Fund credit risk and interest rate risks: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk of a debt investment's exposure to fair value fluctuations arising from changing interest rates. The Endowment Fund's policy states that some of the fixed income holdings to those investments that have a high quality rating (AA/Aa or better) and those with a sufficient duration (four years or more) to provide effective protection in a deflationary environment.

Investment earnings are distributed based on policy administered by The Board of Directors of the Investment Fund. Any excess return over the established policy is reinvested by the Investment Fund. For the fiscal years ended June 30, 2022 and 2021, the spending policy was based on a rolling three-year market value average of 4.0% and 3.9%, respectively. For the fiscal year ended June 30, 2020, the spending policy was based on a rolling three-year market value average of 4.0% at December 31. The Investment Fund makes distributions directly to the University on the Endowment Fund's behalf.

NOTE 3 - PLEDGES RECEIVABLE

As of June 30, 2022 and 2021, outstanding endowment pledges to the Endowment Fund totaled \$6,965,371 and \$5,520,798, respectively. In accordance with GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, endowment pledges are not recorded and recognized until received due to the passage of the restrictions associated with the pledges.

NOTE 4 - ENDOWMENTS AND QUASI ENDOWMENTS

Endowments consist of donor-restricted funds established to support scholarships and fellowships, endowed professorships, departmental uses and various other purposes. The Endowment Fund's Board of Trustees also maintains various other board-designated endowments (quasi endowments), which are designated for long-term investment.

If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds. Under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), authorized by the North Carolina General Assembly in March 2009, the Board may also appropriate expenditures from eligible nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements. However, a majority of the Endowment Fund's endowment donor agreements prohibit spending of nonexpendable balances and therefore the related nonexpendable balances are not eligible for expenditure. During the year, the Board did not appropriate expenditures from eligible nonexpendable endowment funds.

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
Notes to Financial Statements

NOTE 4 - ENDOWMENTS AND QUASI ENDOWMENTS (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the book value of the original gift amount. The excess of book value over market value of these funds reported in expendable or unrestricted net assets, was \$85,853 and \$5,310 as of June 30, 2022 and 2021, respectively. This excess was the result of unfavorable market fluctuations.

NOTE 5 - ADMINISTRATIVE EXPENSES

Certain administrative costs related to the Endowment Fund, including accounting services, fund-raising expenses and gift receipting services, have been absorbed by the University. It is not possible to determine the amount of such costs and no allocation has been made between the other funds of the University and the Endowment Fund.

NOTE 6 - RISK MANAGEMENT

The Endowment Fund is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; and natural disasters. These exposures to loss are handled through the University via a combination of methods, including participation in various risk pools administered by the State of North Carolina, purchase of commercial insurance and self-retention of certain risks.

There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Additional details on the University's risk management programs are disclosed in the financial report of the University.

NOTE 7 - INCOME TAXES

The Endowment Fund is exempt from federal income tax under the provisions of the Internal Revenue Code Section 115.

SUPPLEMENTARY INFORMATION

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
Statement of Cash Flows
Year Ended June 30, 2022**

Cash flows from operating activities:	
Changes in net position	\$ (14,362,296)
Adjustments to reconcile changes in net position to net cash provided by operating activities:	
Net realized gain on investment transactions	(5,447,947)
Net unrealized depreciation on investments	15,156,414
Decrease in:	
Other assets	1,101
Decrease in:	
Payments in excess of cash balance	(135,835)
Proceeds on sale of investments	9,211,755
Purchase of investments	(4,423,192)
Net cash provided by operating activities	<u>-</u>
Decrease in cash	-
Cash and cash equivalents - beginning	<u>-</u>
Cash and cash equivalents - ending	<u><u>\$ -</u></u>



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

Members of the Board

The Endowment Fund of The University of North Carolina at Greensboro
Greensboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Endowment Fund of The University of North Carolina at Greensboro (the "Endowment Fund"), which comprise the statement of net position as of June 30, 2022, and the related statement of changes in net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Endowment Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
November 15, 2022

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
Time and Costs for the Audit
Years Ended June 30, 2022 and 2021**

The Endowment Fund of The University of North Carolina at Greensboro's audit was conducted in approximately 40 hours at a total cost of \$6,250 for the years ended June 30, 2022 and 2021, respectively.