

**The University of North
Carolina at Greensboro
Investment Fund, Incorporated**
(A Component Unit of The University of
North Carolina at Greensboro)

Financial Report
June 30, 2013

Contents

Independent Auditor's Report	1 – 2
Management's Discussion and Analysis	3 – 5
Financial Statements	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Net Position	7
Notes to Financial Statements	8 – 13



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The University of North Carolina at Greensboro Investment Fund, Incorporated (the Fund), a component unit of The University of North Carolina at Greensboro, which comprise the statements of net position as of June 30, 2013 and 2012, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of North Carolina at Greensboro Investment Fund, Incorporated as of June 30, 2013 and 2012, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.



Greensboro, North Carolina
October 15, 2013

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

**Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2013**

Introduction

The University of North Carolina at Greensboro Investment Fund, Incorporated (the Fund) provides the following management discussion and analysis (MD&A) as an overview of the financial activities for the fiscal year ended June 30, 2013. This discussion, along with the following financial statements and related footnote disclosures, have been prepared by management and comprise the 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 Fund's financial report includes two financial statements: the Statements of Net Position; and the Statements of Revenues, Expenses and Changes in Net Position. The Fund's financial statements are blended with The University of North Carolina at Greensboro financial report, and therefore, are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Statement 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 Fund.

Assets	2013	2012	2011
Current Assets	\$ 2,493,737	\$ 9,822,195	\$ 2,170,090
Noncurrent Assets	220,829,611	188,225,975	202,494,135
Total assets	\$ 223,323,348	\$ 198,048,170	\$ 204,664,225
Liabilities and Net Position			
Current Liabilities	\$ 2,128,154	\$ 538	\$ 107,447
Total liabilities	2,128,154	538	107,447
Net Position, Restricted			
The UNCG Excellence Foundation, Inc.	89,557,900	79,758,366	82,078,825
The University of North Carolina at Greensboro Human Environmental Sciences Foundation, Inc.	8,236,864	7,512,900	7,903,085
The Alumni Association of the University of North Carolina at Greensboro	2,665,174	2,489,639	2,620,574
The Associated Campus Ministries of The University of North Carolina at Greensboro	614,831	576,409	692,424
The Endowment Fund of The University of North Carolina at Greensboro	120,120,425	107,710,318	111,261,870
Total net position	221,195,194	198,047,632	204,556,778
Total liabilities and net position	\$ 223,323,348	\$ 198,048,170	\$ 204,664,225

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

**Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2013**

Statement of Net Position (Continued)

The purpose of this financial statement is to present to the readers of the Fund's Financial Report a fiscal snapshot as of the end of the fiscal year (i.e., June 30th). The Statement of Net Position presents both the current and noncurrent portions of assets and liabilities.

From the data presented, readers of this statement are able to determine the assets available to continue the operations of the Fund. The Statement of Net Position also provides a picture of the net position (assets minus liabilities) and their availability for expenditure by the Fund. Net position of the Fund is restricted for the participants. This category of net position is discussed further in the footnotes to the financial statements.

The Fund invests endowment monies for five affiliated organizations. The pooled investments total approximately \$223.3 million at June 30, 2013. The University Investment Fund pool assets are diversified with 84.0 percent equities (of which 41.6 percent are in hedge fund and alternative investments), 14.9 percent bonds, and 1.1 percent in cash. The total assets of the Fund increased by approximately \$25.2 million for the year. The Fund gained 11.2 percent for the fiscal year, underperforming the 14.4 percent gain of a passive benchmark consisting of 85 percent MSCI World Index plus 15 percent Barclays Capital Aggregate Bond Index and outperforming the 10.4 percent gain of a custom benchmark based on the Investment Fund's target asset allocation.

The Fund has thirty-four managers and partnerships and a highly diversified approach to investing with an emphasis on asset allocation by the Board of Directors. This includes five managers with alternative investment styles and 12 non-marketable alternative partnerships in which funds were invested to give the Fund a more diverse asset allocation.

Statement of Revenues, Expenses and Changes In Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present revenues, expenses and any gains and losses earned or incurred by the Fund.

Because the Investment Fund is a pool that invests for the five affiliates, all of its revenues and expenses are considered operating. Additions to the principal of permanent and term endowments are reported separately after operating revenues and expenses.

	2013	2012	2011
Operating income/loss	\$ 21,572,857	\$ (4,256,023)	\$ 34,914,939
Participant contributions	8,555,894	4,701,195	5,377,995
Distribution to participants	(6,981,189)	(6,954,318)	(6,494,547)
Increase (decrease) in net position	23,147,562	(6,509,146)	33,798,387
Beginning net position	198,047,632	204,556,778	170,758,391
Ending net position	\$ 221,195,194	\$ 198,047,632	\$ 204,556,778

The Statement of Revenues, Expenses, and Changes in Net Assets reflects an increase of \$23.1 million and \$33.8 million, respectively, in 2013 and 2011 and a decrease in net assets in 2012 of \$6.5 million. The increases in 2013 and 2011 were due primarily to an investment return of 11.2 percent and 21.1 percent, respectively. The decrease in 2012 is primarily due to the downturn in the markets; our investment loss was 2.8 percent. The spending policy is based on a rolling three-year market value average at December 31.

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

**Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2013**

Economic Outlook

Management is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the Fund's long-term financial position. Market volatility may have a short-term effect on the results of operations for fiscal year 2013 – 14 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 unknown internal and external issues.

In June of 2013, the board voted to engage the services of an Outsourced Chief Investment Officer to address the increasingly volatile markets and the importance of being able to take advantage of investment opportunities more rapidly as well as to more closely monitor the markets. The transition will be made in the fall of 2013.

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

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

**Statements of Net Position
June 30, 2013 and 2012**

Assets	2013	2012
Current Assets		
Cash and cash equivalents	\$ 2,422,796	\$ 2,082,461
Accrued interest receivable	70,941	168,110
Receivable for investments	-	7,571,624
Total current assets	2,493,737	9,822,195
Noncurrent Assets		
Investments	220,829,611	188,225,975
Total assets	\$ 223,323,348	\$ 198,048,170
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 38	\$ 538
Payable for investments	2,128,116	-
Total liabilities	2,128,154	538
Net Position		
Restricted for Participants:		
The UNCG Excellence Foundation, Inc.	89,557,900	79,758,366
The University of North Carolina at Greensboro Human Environmental Sciences Foundation, Inc.	8,236,864	7,512,900
The Alumni Association of the University of North Carolina at Greensboro	2,665,174	2,489,639
The Associated Campus Ministries of The University of North Carolina at Greensboro	614,831	576,409
The Endowment Fund of The University of North Carolina at Greensboro	120,120,425	107,710,318
Total net position	221,195,194	198,047,632
Total liabilities and net position	\$ 223,323,348	\$ 198,048,170

See Notes to Financial Statements.

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2013 and 2012**

	2013	2012
Operating revenues:		
Investment income	\$ 2,241,995	\$ 1,804,794
Net realized gain on investment transactions	8,126,551	4,450,084
Net unrealized appreciation (depreciation) on investments	11,912,532	(9,588,014)
	<u>22,281,078</u>	<u>(3,333,136)</u>
Operating expenses:		
General and administrative:		
Investment management fees	337,669	360,257
Investment custodial fees	103,821	98,619
Investment consulting fees	169,635	179,713
Unrelated business income tax (refund)	(17,660)	185,476
Other administrative fees	114,756	98,822
	<u>708,221</u>	<u>922,887</u>
Operating income (loss)	21,572,857	(4,256,023)
Participant contributions	8,555,894	4,701,195
Distribution to participants	(6,981,189)	(6,954,318)
Increase (decrease) in net position	23,147,562	(6,509,146)
Net position restricted for participants:		
Beginning of year	<u>198,047,632</u>	<u>204,556,778</u>
End of year	<u>\$ 221,195,194</u>	<u>\$ 198,047,632</u>

See Notes to Financial Statements.

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The University of North Carolina at Greensboro Investment Fund, Incorporated (the Fund) was formed to consolidate the endowment pool investments of The University of North Carolina at Greensboro Human Environmental Sciences Foundation, Inc., The UNCG Excellence Foundation, Inc. (the affiliated foundations), and The Endowment Fund of The University of North Carolina at Greensboro into one pool. During the 1999 fiscal year, The Alumni Association of The University of North Carolina at Greensboro became a member of the Fund. The Associated Campus Ministries of The University of North Carolina at Greensboro joined the Fund during the 2000 fiscal year.

The Fund is the fiscal agent for the pool, and all units of the pool are owned by The University of North Carolina at Greensboro Human Environmental Sciences Foundation, Inc., The UNCG Excellence Foundation, Inc., The Endowment Fund of The University of North Carolina at Greensboro, The Alumni Association of The University of North Carolina at Greensboro and The Associated Campus Ministries of The University of North Carolina at Greensboro (collectively the Participants). Although legally separate from the University, the Fund is reported as if it were part of the University because its sole purpose is to accept the transfer of assets from the Participants, which collectively benefit The University of North Carolina at Greensboro, and to manage the investment of those assets. The Fund is a component unit of The University of North Carolina at Greensboro; therefore, the Fund's financial statements are blended with those of the University.

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

Financial statements: The Fund is a governmental not-for-profit organization established as a separate, incorporated investment fund pool, reporting under the guidelines of Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The full scope of the Fund's activities is considered to be a single business-type activity (BTA) and, accordingly, is reported within a single column in the basic financial statements.

Basis of accounting: The financial statements of the 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.

Cash and cash equivalents: In addition to cash in bank accounts and undeposited receipts, this classification includes all short-term investments, such as savings accounts and money market accounts.

Investments: Investments 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 Fund invested in partnerships during the period that place funds with various managers who invest primarily in derivatives. Detailed information regarding the derivative investments is not available to the Fund.

Income taxes: The Fund is exempt from federal income tax under the provisions of the Internal Revenue Code Section 501(c)(3). The Fund is exempt from federal and state income taxes except for income generated from unrelated business activities. Unrelated business income passes through to the Fund from some of the partnerships classified as alternative investments.

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net position: The Fund's net position is classified as follows:

Restricted: Restricted net position includes Participants' endowments and similar type assets whose use is limited to investment for the benefit of the participants.

Reclassifications: The Fund's policy is to reclassify amounts reported in prior year financial statements when necessary for conformity with classifications adopted in the current year with no change in total net position or change in net position.

Recent accounting pronouncements: The Fund implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement No. 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position.

Note 2. Cash and Cash Equivalents

The Fund's deposits had a carrying amount and bank balance of \$373 at both June 30, 2013 and 2012. The ending bank balances for both years were fully covered by federal depository insurance.

Cash and cash equivalents include \$2,422,423 and \$2,082,088 at June 30, 2013 and 2012, respectively, held in custodial accounts for investment.

Note 3. Investments

The Fund is not registered with the Securities and Exchange Commission and is not subject to any formal oversight other than that provided by the Fund's Board of Directors. The Board is responsible for adopting investment objectives and policies, for hiring investment advisors and managers, and for monitoring policy implementation and investment performance. The Board has chosen not to make individual security selection decisions. The Board's primary role is to oversee the allocation of the Fund portfolio among asset classes, investment vehicles, and investment managers. The Board continually reviews, monitors, and adjusts its allocation decisions based on a variety of factors.

The Fund's custodian provides monthly reporting of income and fair value information, which is then allocated among the Fund's participants. There are no involuntary participants in the Fund pool.

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

Notes to Financial Statements

Note 3. Investments (Continued)

Assets and liabilities of the Fund held in custody for investment consist of the following at June 30:

	2013		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Short-term investments	\$ 2,422,423	\$ 2,422,423	\$ -
Endowment investments:			
Corporate securities:			
Common stocks	5,794,728	7,209,381	1,414,653
International	664,026	787,875	123,849
Mutual funds:			
International equity	44,468,319	48,478,187	4,009,868
Inflation hedging	13,041,806	12,419,182	(622,624)
Fixed income	33,203,941	33,380,133	176,192
U.S. equity	8,809,655	10,832,487	2,022,832
Partnerships:			
Hedge funds	28,606,398	48,557,175	19,950,777
Inflation hedging	2,000,189	1,958,072	(42,117)
Real estate securities	3,118,766	4,429,791	1,311,025
U.S. equity	12,265,313	26,810,725	14,545,412
Venture capital	21,096,831	25,966,603	4,869,772
	<u>173,069,972</u>	<u>220,829,611</u>	<u>47,759,639</u>
Payable for investments	<u>(2,128,116)</u>	<u>(2,128,116)</u>	<u>-</u>
	<u>\$ 173,364,279</u>	<u>\$ 221,123,918</u>	<u>\$ 47,759,639</u>
	2012		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Short-term investments	\$ 2,082,088	\$ 2,082,088	\$ -
Receivable for investments	7,571,624	7,571,624	-
Endowment investments:			
Corporate securities:			
Common stocks	4,453,231	5,695,283	1,242,052
International	982,851	1,058,479	75,628
Mutual funds:			
International equity	32,580,271	33,317,101	736,830
Inflation hedging	12,968,447	11,827,414	(1,141,033)
Fixed income	23,636,964	24,717,940	1,080,976
U.S. equity	6,217,302	6,955,966	738,664
Partnerships:			
Fixed income global	2,911,404	3,401,261	489,857
Hedge funds	30,534,860	46,443,798	15,908,938
Inflation hedging	1,240,441	1,294,536	54,095
Real estate securities	3,443,481	5,302,319	1,858,838
U.S. equity	13,068,790	25,378,334	12,309,544
Venture capital	20,340,826	22,833,544	2,492,718
	<u>152,378,868</u>	<u>188,225,975</u>	<u>35,847,107</u>
	<u>\$ 162,032,580</u>	<u>\$ 197,879,687</u>	<u>\$ 35,847,107</u>

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

Notes to Financial Statements

Note 3. Investments (Continued)

At June 30, 2013, the Fund held the following investments that are subject to credit and interest rate risk:

Investment Type	2013		
	Fair Value	Maturity	Rating
Money market funds	\$ 1,372,411	N/A	Aaa-mf
Short-term investment grade	21,184,009	3.10 years	A
Bond mutual fund	12,196,124	7.64 years	AA
	<u>\$ 34,752,544</u>		

The Fund invests in 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.

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 Fund's formal policy limits some 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.

Concentration of credit risk: The Fund has the following investments that represent five percent or more of total investments that are not issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments as of June 30, 2013 and 2012.

	2013	
	Fair Value	Cost
Forester Partners, LP	\$ 16,386,057	\$ 9,267,837
Forester Opportunities, LP	14,993,534	7,804,621
Adage Capital Partners, LP	19,065,099	11,000,000
	<u>\$ 50,444,690</u>	<u>\$ 28,072,458</u>

	2012	
	Fair Value	Cost
Forester Partners, LP	\$ 16,157,925	\$ 10,192,843
Forester Opportunities, LP	14,936,452	8,649,204
Adage Capital Partners, LP	15,110,027	10,000,000
	<u>\$ 46,204,404</u>	<u>\$ 28,842,047</u>

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

Notes to Financial Statements

Note 3. Investments (Continued)

The Participants purchase equity in the Fund based on funds deposited for investment. Individual Participant equity is determined on a market unit valuation basis. The original basis was \$1,000 per unit. For the years ended June 30, 2013 and 2012, the respective total rate of return was a gain of 11.2 percent and a loss of 2.8 percent. As of June 30, 2013 and 2012, total units of 57,665.41 and 57,353.50 had a fair value of \$3,834.78 and \$3,452.91 per unit, respectively.

The Fund realized a net gain of \$8,126,551 and \$4,450,084 from the sale of investments for the years ended June 30, 2013 and 2012, respectively. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investments reported in the prior year. The change in the fair value of investments during the years ended June 30, 2013 and 2012, was an increase of \$11,912,532 and a decrease of \$9,588,014, respectively. This amount takes into account all changes in the fair value (including purchases and sales) that occurred during the period. The cumulative unrealized appreciation on investments held at June 30, 2013 and 2012, is \$47,759,639 and \$35,847,107, respectively.

Note 4. Financial Instruments and Derivatives

In the management of the Fund, the Board Members are responsible for exercising ordinary business care and prudence under the facts and circumstances prevailing at the time of an action or decision.

The Fund believes it is in compliance with all legal, regulatory and contractual provisions including the investment policy of the Fund and the laws and regulations of the State of North Carolina.

The Fund utilizes selective derivative investment instruments to increase the yield and return on its investment portfolio given the available investment alternatives, to mitigate credit risk of default by a counterparty, and to control and minimize certain market risks. During the year, the Fund was invested in five hedge funds; therefore, there were no direct derivative holdings. Following is a description of indirect derivative investments utilized by the Fund.

Indirect derivative holdings: The Fund utilizes external investment managers to identify specific investment funds and limited partnerships that meet asset allocation and investment management objectives. These managers and related funds are used to increase the yield and return on the investment portfolio given the available alternative investment opportunities and to diversify its asset holdings.

Certain of these investments expose the Fund to market risk by trading or holding derivative securities and by leveraging the securities in the Fund.

The Fund's holding in indirect derivatives (i.e., derivatives held by external investment managers) are primarily used to decrease risk by managing interest rate and volatility exposure. This is because the indirect derivatives are used by the Fund's external managers primarily to hedge underlying positions and to gain exposure to specific markets in an efficient, inexpensive, liquid, and diversified manner. The Fund considers the risk associated with these holdings to be prudent and within acceptable bounds.

As of June 30, 2013 and 2012, indirect derivative holdings had a fair value of \$48,557,175 and \$46,443,798 representing approximately 22 and 24 percent of the total investments in the Fund, respectively.

**The University of North Carolina at Greensboro
Investment Fund, Incorporated**

Notes to Financial Statements

Note 5. Distributions

It is the Fund's policy to make annual distributions to Participants in the Fund. Distributions are based on each Participant's assets at December 31 for the three preceding years. In addition to annual distributions, the Fund makes distributions to Participants upon request.

Note 6. Commitments

At June 30, 2013, the Fund had commitments to invest up to \$23.5 million in certain Commonfund Limited Partnerships (the Partnerships). The partnership agreements require the Fund to contribute capital up to certain limits agreed to by the Partnerships and the Fund. The Fund has seven days from the call date to transfer the required capital or risk being in default of the partnership agreement. The call dates are determined at the discretion of Fairfield Partners 2005 LLC, the General Partner of each of the Partnerships. The Partnerships are set to liquidate starting March 31, 2017 through July 31, 2019. Some of the partnership agreements include extensions of three years that could increase the term of the Partnerships. Of the original \$23.5 million commitments, a total of \$17,270,650 had been invested in these Partnerships as of June 30, 2013.

At June 30, 2013, the Fund had a commitment to invest in Siguler Guff Distressed Funds III and IV for \$8 million. The Fund has seven days from the call date to transfer the required capital or risk being in default of the partnership agreement. The call dates are determined at the discretion of Siguler Guff Advisers, LLC. Of the original \$8 million commitment, a total of \$5.7 million had been invested in this fund as of June 30, 2013.

At June 30, 2013, the Fund had a commitment to invest in Permit Capital Mortgage Fund, LP: Series L for \$4 million. The Fund has five days from the call date to transfer the required capital or risk being in default of the partnership agreement. The call dates are determined at the discretion of Permit Capital. Of the original \$4 million commitment, a total of \$3 million had been invested in this fund as of June 30, 2013.

Note 7. Subsequent Event

Subsequent to year-end, the Fund and Cambridge Associates Resources, LLC (Cambridge) created a limited partnership, UNCG Endowment Partners, LP, for the purpose of allowing Cambridge to act as the Fund's Chief Investment Officer. As part of the agreement, Cambridge is the General Partner and the Fund is the Limited Partner. The Fund contributed its investment portfolio in exchange for its capital interest in UNCG Endowment Partners, LP. The newly formed limited partnership is considered a component unit of the Fund, and as such, its financial statements will be blended with those of the Fund for the fiscal year ending June 30, 2014.