

THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA

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

FINANCIAL REPORT

YEARS ENDED JUNE 30, 2015 AND 2014



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**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
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Independent Auditor's Report

Members of the Board

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Endowment Fund of The University of North Carolina at Greensboro (the "Endowment Fund"), which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of 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 and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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 Endowment Fund of The University of North Carolina at Greensboro as of June 30, 2015 and 2014, and its changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Management's Discussion and Analysis on pages 3 through 4 is presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic and historical context. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 October 6, 2015, 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
October 6, 2015

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

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, 2015. 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>2015</u>	<u>2014</u>	<u>2013</u>
Assets	<u>\$134,932,177</u>	<u>\$137,541,114</u>	<u>\$120,718,684</u>
Net position:			
Restricted:			
Nonexpendable	<u>63,020,011</u>	61,626,963	58,953,807
Expendable	<u>62,810,892</u>	66,464,218	53,519,782
Unrestricted	<u>9,101,274</u>	9,449,933	8,245,095
Total net position	<u>\$134,932,177</u>	<u>\$137,541,114</u>	<u>\$120,718,684</u>

The total assets of the Endowment Fund decreased by approximately \$2.6 million for the year ended June 30, 2015 and increased by approximately \$16.8 million and \$12.5 million for the years ended June 30, 2014 and 2013, respectively. The decrease in net assets in 2015 is a result of spending for fiscal year 2015 being more than earnings for 2015, while the increases in total assets for 2014 and 2013 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, 2015**

Statements of Net Position (Continued)

The Endowment Fund invests in the University of North Carolina at Greensboro Investment Fund, Inc. (the "Investment Fund"). The Endowment Fund owns 54.3 percent of the pooled investments totaling approximately \$248.6 million at June 30, 2015. 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 pooled assets decreased by approximately \$3.1 million for the year. The Investment Fund gained 0.3 percent for the fiscal year, underperforming the 1.6 percent gain of a passive benchmark consisting of 85 percent MSCI World Index plus 15 percent Barclays Capital Aggregate Bond Index and outperforming the 0.1 percent gain of a custom benchmark based on the Investment Fund's target asset allocation.

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 (decrease) to the Endowment Fund.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contributions	\$ 1,905,125	\$ 2,747,029	\$ 4,730,516
Investment income (loss)	562,341	18,451,807	11,727,124
Transfers to the University	<u>(5,076,403)</u>	<u>(4,376,406)</u>	<u>(3,916,375)</u>
Increase (decrease) in net position	(2,608,937)	16,822,430	12,541,265
Beginning net position	<u>137,541,114</u>	120,718,684	108,177,419
Ending net position	<u><u>\$134,932,177</u></u>	<u><u>\$137,541,114</u></u>	<u><u>\$120,718,684</u></u>

The statement of changes in net position reflects a decrease in net position resulting from investment spending for the year ended 2015 being greater than 2015 investment earnings, while there was an increase in the 2014 and 2013 fiscal years, due to investment earnings and additions to permanent endowments which are partially offset by the amount of transfers to the University.

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 2015-16 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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Restricted cash	\$ 25,298	\$ 85,580
Other assets	2,338	141,745
Endowment investments	134,904,541	137,313,789
Total assets	<u>\$ 134,932,177</u>	<u>\$ 137,541,114</u>

<u>Net Position</u>		
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	\$ 33,324,150	\$ 32,066,317
Endowed professorships	17,184,254	17,168,649
Departmental uses	9,659,177	9,562,485
Other	2,746,884	2,723,966
Loans	105,546	105,546
Expendable:		
Scholarships and fellowships	36,600,496	38,681,873
Endowed professorships	16,207,983	17,269,441
Departmental uses	9,276,447	9,758,677
Loans	695,879	721,622
Other	30,087	32,605
Unrestricted	9,101,274	9,449,933
Total net position	<u>\$ 134,932,177</u>	<u>\$ 137,541,114</u>

**THE ENDOWMENT FUND OF
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**
Statements of Changes in Net Position
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Additions:		
Contributions:		
Additions to permanent endowments	<u>\$ 1,905,125</u>	<u>\$ 2,747,029</u>
Investment income:		
Realized and unrealized gains on investments	173,202	18,199,396
Interest, dividends, and other	<u>1,046,757</u>	<u>872,665</u>
	<u>1,219,959</u>	19,072,061
Less investment expense	<u>657,618</u>	<u>620,254</u>
	<u>562,341</u>	<u>18,451,807</u>
Total additions	<u>2,467,466</u>	21,198,836
Deductions:		
Transfers to the University	<u>5,076,403</u>	<u>4,376,406</u>
Changes in net position	<u>(2,608,937)</u>	16,822,430
Net position:		
Beginning of year	<u>137,541,114</u>	<u>120,718,684</u>
End of year	<u>\$ 134,932,177</u>	<u>\$ 137,541,114</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, **2015** and 2014, the Endowment Fund's portion of cash deposited with the State Treasurer was **\$25,298** and \$85,580, respectively. 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>2015</u>	<u>2014</u>
Investment pool	<u>\$ 134,904,541</u>	<u>\$ 137,313,789</u>

The investment pool is managed and invested by The University of North Carolina at Greensboro Investment Fund, Inc. The UNCG Excellence Foundation, The University of North Carolina at Greensboro Human Environmental Sciences Foundation, Incorporated, 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 are the only members of The University of North Carolina at Greensboro Investment Fund, Inc.

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, 2015 and 2014, the respective total rate of return was a gain of **0.3** percent and 15.2 percent. As of June 30, **2015** and 2014, total units of **55,496.20** and 56,594.41 had a fair value of **\$4,479.42** and \$4,448.42 per unit, and the Endowment Fund owned **30,116.52** and 30,867.97 units, respectively.

The Endowment Fund realized a net gain of **\$5,518,062** and \$6,858,608 from the sale of investments for the years ended June 30, **2015** and 2014, 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, **2015** and 2014 were a loss and gain of **(\$4,971,238)** and \$11,578,491, 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, **2015** and 2014, is **\$33,519,077** and \$38,490,315, respectively.

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

NOTE 2 - INVESTMENTS (Continued)

The University of North Carolina at Greensboro Investment Fund, Inc.'s investment pool is diversified as follows at June 30:

	Fair Value	
	2015	2014
UNCG Endowment Partners, LP	<u>\$ 248,590,801</u>	<u>\$ 251,755,902</u>
	<u>2015</u>	<u>2014</u>
US Equity	18.9%	18.7%
Global ex US Equity	13.7%	14.6%
Emerging Markets Equity	6.6%	6.5%
Global Equity	2.7%	3.0%
Private Equity	11.1%	12.7%
Market Sensitive Hedged Funds	10.3%	6.4%
Diversifying Strategies	14.7%	13.0%
Inflation Sensitive	2.1%	4.7%
Deflation Hedging	15.2%	13.9%
Cash and Cash Equivalents	4.7%	6.5%
	<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.

**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, 2015 and 2014, 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 years ended June 30, 2015 and 2014, 4.50 percent of the average market value at December 31 of the three previous years was distributed. The Investment Fund makes distributions directly to the University on the Endowment Fund's behalf.

NOTE 3 - PLEDGES RECEIVABLE

As of June 30, **2015** and 2014, outstanding endowment pledges to the Endowment Fund total **\$253,446** and \$463,806, 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 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.

**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, 2015, 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 October 6, 2015.

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) to determine the 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
October 6, 2015