

The North Carolina A&T Investment Foundation, Inc.

Greensboro, NC



Financial Statement Audit Report

For the Year Ended June 30, 2024

State Auditor
Dave Boliek

*A Constitutional Office of the
State of North Carolina*





North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Auditor's Transmittal

The Honorable Josh Stein, Governor
The Honorable Phil Berger, President Pro Tempore
The Honorable Destin Hall, Speaker of the House
Honorable Members of the North Carolina General Assembly
Board of Directors, The North Carolina A&T Investment Foundation, Inc.
Virginia A. Teachey, Ex Officio Director

As a 501(c)(3) tax-exempt organization, The North Carolina A&T Investment Foundation, Inc. supports North Carolina Agricultural and Technical State University through its investment fund.

Through financial audits of state entities, the North Carolina Office of the State Auditor assesses whether the records prepared are materially correct. Our audit of The North Carolina A&T Investment Foundation, Inc.'s financial records shows no material errors for the year ended June 30, 2024. The audited statements make for a clean opinion and can be relied upon by management.

I'd like to thank the North Carolina A&T Investment Foundation, Inc. team for assisting us during this financial statement audit.

Respectfully submitted,

Dave Boliek
State Auditor

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Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.



Independent Auditor's Report



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Independent Auditor's Report

Board of Directors
The North Carolina A&T Investment Foundation, Inc.
Greensboro, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The North Carolina A&T Investment Foundation, Inc. (Investment Foundation), a component unit of North Carolina Agricultural and Technical State University, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Investment Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The North Carolina A&T Investment Foundation, Inc., as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The North Carolina A&T Investment Foundation, Inc. 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.

Responsibilities of Management for the Financial Statements

The Investment Foundation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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

Investment Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise 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 GAAS and GAGAS will always detect a material misstatement when it exists. 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 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 GAAS and GAGAS, 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 Investment Foundation'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 Investment Foundation'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Investment Foundation's basic financial statements. The Supplemental Schedule of Allocated Revenues, Expenses, and Changes in Members' Net Position (Schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule of Allocated Revenues, Expenses, and Changes in Members' Net Position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025 on our consideration of the Investment Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Investment Foundation's internal control over financial reporting and compliance.



Dave Boliek
State Auditor

Raleigh, North Carolina

May 19, 2025



Management's Discussion and Analysis

Introduction

The North Carolina A&T Investment Foundation, Inc. (Investment Foundation) provides the following discussion and analysis in order to give the reader a summary of its financial activities and to aid in understanding the financial statements for the fiscal year ended June 30, 2024. All information provided has been prepared by management for the purpose of identifying significant transactions, trends and events. To properly use and interpret the information provided in this discussion and analysis, it is recommended that it be read in conjunction with the related financial statements and the accompanying notes to the financial statements for further explanation and details.

Change in Investment Fund Participants

Prior to fiscal year 2024, the Investment Foundation had two participants, North Carolina Agricultural and Technical State University (University) and The North Carolina A&T Real Estate Foundation, Inc. (Real Estate Foundation). During fiscal year 2024, the Real Estate Foundation transferred its philanthropic assets to The Foundation for North Carolina A&T State University, Inc. (A&T Foundation) and retained all real estate related assets. Therefore, beginning in fiscal 2024, the Investment Foundation will be composed of three participants, the University, the Real Estate Foundation, and the A&T Foundation.

The Financial Statements

The financial statements for the Investment Foundation include the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

Each statement has been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and reflects the economic resource measurement focus and accrual basis of accounting. This discussion and analysis concentrates on the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position using condensed versions. The full-length versions of each statement are presented as exhibits immediately following this discussion and analysis.

Statement of Net Position

The Statement of Net Position presented below summarizes the financial condition of the Investment Foundation at June 30, 2024. It presents the financial position of the Investment Foundation as defined by the balances of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Assets and liabilities are classified as current or noncurrent. Current assets include those resources that are highly liquid and available for use in meeting current requirements. Noncurrent assets include those resources that are held to meet future requirements.

Condensed Statement of Net Position

| | June 30, 2024 | June 30, 2023 | Dollar Change | Percent Change |
|---------------------------------------|-------------------|-------------------|------------------|----------------|
| Assets | | | | |
| Current Assets | \$ 12,488.37 | \$ 12,742.20 | \$ (253.83) | -1.99% |
| Noncurrent Assets | 194,608,506.92 | 173,973,096.51 | 20,635,410.41 | 11.86% |
| Total Assets | 194,620,995.29 | 173,985,838.71 | 20,635,156.58 | 11.86% |
| Deferred Outflows of Resources | - | - | - | |
| Liabilities | | | | |
| Current Liabilities | 107,909.21 | 101,469.03 | 6,440.18 | 6.35% |
| Deferred Inflows of Resources | - | - | - | |
| Net Position | | | | |
| Restricted for Members | \$ 194,513,086.08 | \$ 173,884,369.68 | \$ 20,628,716.40 | 11.86% |

Funds held in noncurrent investments at year-end increased \$20,635,410.41, primarily as a result of the appreciation of endowments. Funds are invested in a wide range of assets including domestic and international stocks, fixed income, private equity, real estate, energy, and other diversifying strategies.

During fiscal year 2024, the Investment Foundation withdrew \$11,000,000 from the UNC Investment Fund and invested it into the Resurgent Project, a collaboration between the Real Estate Foundation and Cone Health Care. The project aims to construct a five-story office building that will provide healthcare services through Moses Cone Medical Services, a non-profit organization dedicated to addressing the healthcare service gap along East Market Street in Greensboro.

The Investment Foundation's net position is reported as restricted (nonexpendable) as its use is limited to investing on behalf of its members. The increase in net position from the prior year was due to the appreciation of endowments described above.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reports the activity of the Investment Foundation during the year and is divided into three major components: operating revenue, operating expenses, and member contributions/distributions.

Condensed Statement of Revenues, Expenses, and Change in Net Position

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|---------------------------------|--------------------------|--------------------------|-------------------------|-----------------------|
| Operating Revenues | \$ 21,324,118.83 | \$ - | \$ 21,324,118.83 | |
| Operating Expenses | <u>(430,532.43)</u> | <u>(809,287.48)</u> | <u>378,755.05</u> | -46.80% |
| Operating Gain | <u>20,893,586.40</u> | <u>(809,287.48)</u> | <u>21,702,873.88</u> | -2681.73% |
| Member Contributions | - | 13,600,000.00 | (13,600,000.00) | -100.00% |
| Member Distribution | <u>(264,870.00)</u> | <u>-</u> | <u>(264,870.00)</u> | |
| Increase in Net Position | 20,628,716.40 | 12,790,712.52 | 7,838,003.88 | 61.28% |
| Net Position, Beginning of Year | <u>173,884,369.68</u> | <u>161,093,657.16</u> | <u>12,790,712.52</u> | |
| Net Position, End of Year | <u>\$ 194,513,086.08</u> | <u>\$ 173,884,369.68</u> | <u>\$ 20,628,716.40</u> | |

Operating expenses of the Investment Foundation included \$430,532.43 for management fees and third-party accounting software. Due to great market performance in fiscal year 2024, the Investment Foundation experienced investment income of \$21,324,118.83 and a total operating gain of \$20,893,586.40. There was a decrease of \$13,600,000.00 in member contributions due to the Investment Foundation receiving no contributions from any of its members during fiscal year 2024. Member distributions increased by \$264,870.00 due to funds being distributed in fiscal year 2024 to the Real Estate Foundation.

Future Outlook

The Board of Directors continues to monitor manager performance and asset allocation as it ensures that the goals of the Investment Foundation participants are met. In November 2024, the Board closed out the Mechanics and Farmers investment in mutual funds, moving the proceeds to UNC Management. The Investment Funds continue to support impact investing through Latino Community Credit Union and Goldman Sachs. The stock market volatility experienced over the past several years continues to be a concern for the future, however, the long-term strategy of the Investment Foundation Board should guard against temporary fluctuations.



Financial Statements

The North Carolina A&T Investment Foundation, Inc.
Statement of Net Position
June 30, 2024

Exhibit A-1

ASSETS

Current Assets:

| | |
|---------------------------|--------------|
| Cash and Cash Equivalents | \$ 12,488.37 |
|---------------------------|--------------|

Noncurrent Assets:

| | |
|-------------|----------------|
| Investments | 194,608,506.92 |
|-------------|----------------|

| | |
|--------------|----------------|
| Total Assets | 194,620,995.29 |
|--------------|----------------|

DEFERRED OUTFLOWS OF RESOURCES

-

LIABILITIES

Current Liabilities:

| | |
|-------------------------|------------|
| Management Fees Payable | 107,909.21 |
|-------------------------|------------|

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

| | |
|------------------------|-------------------|
| Restricted for Members | \$ 194,513,086.08 |
|------------------------|-------------------|

The accompanying notes to the financial statements are an integral part of this statement.

***The North Carolina A&T Investment Foundation, Inc.
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2024***

Exhibit A-2

OPERATING REVENUES (EXPENSES)

| | |
|--------------------------|----------------------|
| Investment Income | \$ 21,324,118.83 |
| Management Fees | <u>(430,532.43)</u> |
| Operating Gain | <u>20,893,586.40</u> |
| Member Distributions | <u>(264,870.00)</u> |
| Increase in Net Position | 20,628,716.40 |

NET POSITION

| | |
|------------------------------|---------------------------------|
| Net Position - July 1, 2023 | <u>173,884,369.68</u> |
| Net Position - June 30, 2024 | <u><u>\$ 194,513,086.08</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.



Notes to the Financial Statements

Note 1 - Significant Accounting Policies

- A. Financial Reporting Entity** - The North Carolina A&T Investment Foundation, Inc. (Investment Foundation) was created by North Carolina Agricultural and Technical State University (University) as a nonprofit corporation on July 1, 2019. The Investment Foundation's purpose is to support the University by operating an investment fund for charitable, nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. The Investment Foundation provides investment management to members through a pooled investment fund.

The Investment Foundation is a governmental external investment pool. The other members of the pool are The North Carolina A&T Real Estate Foundation, Inc. (Real Estate Foundation) and The Foundation for North Carolina A&T State University, Inc. (A&T Foundation). The Investment Foundation is governed by a board consisting of three ex officio directors and eight appointed directors, with a majority of the directors selected by the Endowment Board Committee of the University's Board of Trustees. Because a majority of the board is composed of University officers or directors appointed by the Endowment Board Committee of the University's Board of Trustees and because the Investment Foundation's primary purpose is to benefit the University, it is considered a component unit of the University and is reported in the University's financial statements as a governmental external investment pool. The University is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*.

- B. Basis of Presentation** - 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). Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, the full scope of the Investment Foundation's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.
- C. Basis of Accounting** - The financial statements of the Investment Foundation have been prepared using the economic resource 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, regardless of the timing of the cash flows.
- D. Cash and Cash Equivalents** - This classification includes cash on deposit with private bank accounts.
- E. Investments** - To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the value of investments is recognized as a component of investment income.

- F. Income Taxes** - The Investment Foundation has an Internal Revenue Service determination letter confirming that it qualifies under Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization.
- G. Net Position** - The Investment Foundation's net position is classified as restricted nonexpendable and represents resources whose use is limited to investment on behalf of the Investment Foundation's members.

Note 2 - Deposits and Investments

- A. Deposits** - At June 30, 2024, the Investment Foundation had \$12,488.37 in an interest-bearing checking account. The account was established to facilitate investing activities and as such, carries a small balance. Custodial credit risk is the risk that in the event of a bank failure, the Investment Foundation's deposits may not be returned to it. The Investment Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2024, the Investment Foundation's bank balance was not exposed to custodial credit risk.
- B. Investments** - Investments of the Investment Foundation are subject to and restricted by G.S. 36E Uniform Prudent Management of Institutional Funds Act (UPMIFA) and any requirements placed on them by contract or donor agreements as appropriate.

Investments are subject to the following risks as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures - An Amendment of GASB Statement No. 3*.

Interest Rate Risk: Interest rate risk is the risk the Investment Foundation may face should interest rate variances affect the value of investments. The Investment Foundation does not have a formal policy that addresses interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Investment Foundation does not have a formal policy that addresses credit risk.

External Investment Pool - The External Investment Pool, sponsored by the University, was established on July 1, 2019, with the Investment Foundation serving as custodian. The Pool is utilized to manage the investments and distribute investment income to its members. Members of the Pool include the University, the Real Estate Foundation, and the A&T Foundation. There are no involuntary participants in the Pool. The Pool holds cash and investments on behalf of its members. Due to the minimal balance held in cash, the entire amount is allocated to the University. Ownership of the Pool's investments is measured using the pro rata share method. Under this method, each participating member's investment balance is determined based on its pro rata share at the end of the month. The Investment Foundation has not provided or obtained any legally binding guarantees during the period to support the value for the Pool's investments.

Neither the Investment Foundation nor the Pool are registered with the SEC and neither is subject to any formal oversight other than that provided by the Board of Directors. The Board is responsible for adopting investment objectives and policies, for hiring investment advisors, 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 Pool's portfolio among the asset classes, investment vehicles, and investment managers. At June 30, 2024, UNC Management Company, Inc., Mechanics and Farmers Bank, Goldman Sachs, and Cooperativa Latino Credit Union were the investment managers of the Pool.

The following table presents investments by type and investments subject to interest rate risk at June 30, 2024, for the External Investment Pool.

| Investment Type | Amount | Investment Maturities (in Years) |
|---------------------------------------|--------------------------|-------------------------------------|
| | | Less Than 1 |
| Debt Securities | | |
| Money Market Mutual Funds | \$ 2,673,571.30 | <u>\$ 2,673,571.30</u> |
| Other Securities | | |
| Nonnegotiable Certificates of Deposit | 2,660,408.35 | |
| Investment in Real Estate | 11,000,000.00 | |
| UNC Investment Fund | <u>178,274,527.27</u> | |
| Total External Investment Pool | <u>\$ 194,608,506.92</u> | |

At June 30, 2024, all of the Investment Foundation's money market mutual funds were unrated.

Separate financial statements for the University, the Real Estate Foundation, and the A&T Foundation may be obtained from the University Controller's Office, 1601 E. Market Street, Greensboro, NC 27411 or by calling 336-334-7684.

UNC Investment Fund, LLC - At June 30, 2024, the Investment Foundation's investments include \$178,274,527.27, which represents the Investment Foundation's equity position in the UNC Investment Fund, LLC (UNC Investment Fund). The UNC Investment Fund is an external investment pool that is not registered with the Securities and Exchange Commission, does not have a credit rating, and is not subject to any regulatory oversight. Investment risks associated with the UNC Investment Fund are included in audited financial statements of the UNC Investment Fund, LLC which may be obtained from UNC Management Company, Inc., 1400 Environ Way, Chapel Hill, NC 27517.

Note 3 - Fair Value Measurements

To the extent available, the Investment Foundation's investments are recorded at fair value as of June 30, 2024. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data

obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 Investments with inputs - other than quoted prices included within Level 1 - that are observable for an asset, either directly or indirectly.
- Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following table summarizes the Investment Foundation's investments within the fair value hierarchy at June 30, 2024:

| | Fair Value | Fair Value Measurements Using | | |
|---|-------------------------|-------------------------------|----------------|------------------------|
| | | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs |
| Investments by Fair Value Level | | | | |
| Debt Securities | | | | |
| Money Market Mutual Funds | \$ 2,673,571.30 | \$ 2,673,571.30 | \$ - | \$ - |
| Other Securities | | | | |
| Investments in Real Estate | 11,000,000.00 | - | - | 11,000,000.00 |
| Nonnegotiable Certificates of Deposit | 2,660,408.35 | 2,660,408.35 | - | - |
| Total Investments by Fair Value Level | 16,333,979.65 | <u>\$ 5,333,979.65</u> | <u>\$ -</u> | <u>\$11,000,000.00</u> |
| Investments as a Position in an External Investment Pool | | | | |
| UNC Investment Fund | 178,274,527.27 | | | |
| Total Investments Measured at Fair Value | <u>\$194,608,506.92</u> | | | |

UNC Investment Fund - Ownership interests of the UNC Investment Fund are determined on a market unit valuation basis each month and in accordance with the UNC Investment Fund's operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The Investment Foundation's position in the pool is measured and reported at fair value and the UNC Investment Fund is not required to be categorized within the fair value hierarchy.

Debt and Other Securities - Debt and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investment in Real Estate - During fiscal year 2024, the Investment Foundation invested \$11,000,000.00 in a joint venture between the Real Estate Foundation and Cone Health Care to construct a facility that will provide the community with medical services and the University with office space. The investment is measured at cost and is classified as Level 3.

Note 4 - Risk Management

The Investment Foundation is exposed to various risks of loss related to torts; theft of assets; and errors and omissions. The Investment Foundation's affairs are conducted by employees of North Carolina Agricultural and Technical State University and Real Estate Foundation, and exposures to loss resulting from this arrangement are handled by the University and Real Estate Foundation through a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. During the year, the University purchased insurance for public officers' and employees' liability insurance up to \$2,000,000 per claim and \$10,000,000 in the aggregate per fiscal year. To address the exposure to risk of torts and theft, the Real Estate Foundation carries coverage of \$5,000,000 with a limit of \$1,000,000 per claim for its Directors and Officers.

Additional details on University-administered risk management programs are disclosed in the University's separately audited financial statements. This separately issued report can be accessed at <https://auditor.nc.gov>.



Other Supplementary Information

THE NORTH CAROLINA A&T INVESTMENT FOUNDATION, INC.**Supplemental Schedule of Allocated Revenues, Expenses, and Changes in Members' Net Position for the Year Ended June 30, 2024**

| | University | Real Estate Foundation | A&T Foundation | Total |
|--|--------------------------|---------------------------|-------------------------|--------------------------|
| Members' Net Position at July 1, 2023 | \$ 154,814,898.35 | \$ 19,069,471.33 | \$ - | \$ 173,884,369.68 |
| Member Distributions | - | (264,870.00) | - | (264,870.00) |
| Investment Income | 19,033,594.58 | 356,781.63 | 1,933,742.62 | 21,324,118.83 |
| Operating Expenses | (383,687.00) | (7,343.46) | (39,501.97) | (430,532.43) |
| Member Transfers | - | (16,030,176.74) | 16,030,176.74 | - |
| Members' Net Position at June 30, 2024 | <u>\$ 173,464,805.93</u> | <u>\$ 3,123,862.76</u> | <u>\$ 17,924,417.39</u> | <u>\$ 194,513,086.08</u> |



Independent Auditor's Report



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

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 *Government Auditing Standards*

Board of Directors

The North Carolina A&T Investment Foundation, Inc.
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 North Carolina A&T Investment Foundation, Inc. (Investment Foundation), a component unit of North Carolina Agricultural and Technical State University, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Investment Foundation's basic financial statements, and have issued our report thereon dated May 19, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Investment Foundation'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 Investment Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Investment Foundation'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 Investment Foundation's financial statements will not be prevented, or detected and corrected on a timely basis.

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. 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 Investment Foundation'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 financial statements. 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 Investment Foundation'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 Investment Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Boliek
State Auditor

Raleigh, North Carolina

May 19, 2025

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This audit required 134 hours at an approximate cost of \$20,770.