

Summary Report of Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Basis for Statement Preparation	Total Net Assets	Reporting Status	Memorandum of Understanding
Appalachian State University								
ASU Foundation, Inc.	6/30/12	Yes	McGladrey & Pullen, LLP	No	GAAP ¹	\$102,072,883	Discretely Presented	Yes
Appalachian Real Estate Holdings, Inc.	6/30/12	Yes	Internal Audit	No	GAAP ¹	\$1,390		Yes
ASU Student Housing Corporation	6/30/12	Yes	Apple, Koceja, & Associates, PA	No	GAAP ¹	\$13,127,263	Discretely Presented	Yes
East Carolina University								
ECU Alumni Association, Inc.	6/30/12	Yes	Clifton Larson Allen, LLP	No	GAAP ¹	\$1,773,004		Yes
ECU Educational Foundation, Inc.	6/30/12	Yes	Clifton Larson Allen, LLP	No	GAAP ¹	\$28,539,427		Yes
ECU Foundation, Inc. and Consolidated Affiliate	6/30/12	Yes	Clifton Larson Allen, LLP	No	GAAP ¹	\$87,580,207	Discretely Presented	Yes
East Carolina University Medical Foundation & Health Sciences Foundation, Inc.	6/30/12	Yes	Clifton Larson Allen, LLP	Yes ²	GAAP ¹	\$34,780,624		Yes
Elizabeth City State University								
ECSU Foundation, Inc. and Subsidiary	6/30/12	Yes	Thomas & Gibbs CPAs, PLLC	Yes ²	GAAP ¹	\$7,322,912	Blended	Yes
ECSU National Alumni Association, Inc.	12/31/11	Yes	Murphy & Company, PC	Yes ²	GAAP ¹	\$148,169		Yes
Fayetteville State University								
FSU Athletic Club	6/30/12	Yes	Alexander G. Vuchnich, CPA	No	GAAP ¹	\$8,355		Yes
FSU Development Corporation	6/30/12	Yes	Buie, Norman, & Company, PA	No	GAAP ¹	\$1,090,132		Yes
FSU Foundation, Inc. and Subsidiary	6/30/12	Yes	Buie, Norman, & Company, PA	No	GAAP ¹	\$3,002,451	Discretely Presented	Yes
FSU National Alumni Association, Inc.	6/30/12	Yes	Buie, Norman, & Company, PA	No	GAAP ¹	\$22,627		Yes
The Fayetteville State University Housing Foundation, LLC	6/30/12	Yes	Buie, Norman, & Company, PA	No	GAAP ¹	(\$2,106,103)		Yes
Fayetteville State University Student Housing Corporation and Subsidiary	6/30/12	Yes	Buie, Norman, & Company, PA	No	GAAP ¹	(\$31,482)		Yes

¹GAAP - Accounting Principles Generally Accepted in the United States of America

²Findings and actions taken found on page 10.

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North Carolina A & T State University								
NCA&T National Aggie Club, Inc. ³	6/30/11	Yes	John S. Fitzgerald, CPA	No	Modified Cash ²	\$176,287		Yes
NCA&T University Alumni Association, Inc.	6/30/12	Yes	James E. Avent, Jr., CPA	Yes ⁴	GAAP ¹	\$2,243,843		Yes
NCA&T University Foundation, Inc.	6/30/12	Yes	Oliver W. Bowie, CPA, PA	No	GAAP ¹	\$11,023,997	Discretely Presented	Yes
The Aggie Athletic Foundation of NCA&T State University, Inc. ³	6/30/12	Yes	Oliver W. Bowie, CPA, PA	No	GAAP ¹	\$1,158,985		Yes
The Victory Club Foundation, Inc. ³	6/30/11	Yes	Oliver W. Bowie, CPA, PA	No	GAAP ¹	\$1,094,848		Yes
North Carolina Central University								
NCCU Alumni Association, Inc.	6/30/12	Yes	Oliver W. Bowie, CPA, PA	No	GAAP ¹	\$573,185		Yes
NCCU Educational Advancement Foundation, Inc.	6/30/08	Yes	Ty Cox & Co., CPAs, PLLC	No	GAAP ¹	\$173,710		Yes
NCCU Foundation, Inc.	6/30/12	Yes	McGladrey & Pullen, LLP	No	GAAP ¹	\$11,463,433	Discretely Presented	Yes
NCCU Real Estate Foundation	6/30/12	Yes	Blackman & Sloop, CPAs, PA	No	GAAP ¹	\$21,346,160	Blended	Yes
North Carolina School of Science and Mathematics								
NCSSM Foundation	6/30/12	Yes	McGladrey & Pullen, LLP	No	GAAP ¹	\$8,436,279		Yes
NCSSM Student and Constituent Support Services, Inc.	6/30/12	Yes	Thomas E. Spivey, CPA, PA	No	GAAP ¹	\$110,865		Yes

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²Modified Cash - This basis of accounting can take many forms. However, the typical differences of this basis of accounting versus General Accepted Accounting Principles is that certain revenues would be recognized when received instead of when earned and certain expenses would be recognized when paid instead of when incurred.

³Please note that the Victory Club and the National Aggie Club have dissolved. They have been replaced by the Aggie Athletics Foundation (AAF).

⁴Findings and actions taken found on page 10.

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North Carolina State University								
N.C. Agricultural Foundation, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$108,869,620		Yes
N.C. State Alumni Club, Inc.	12/31/11	Yes	Batchelor, Tillery, & Roberts, LLP	No	GAAP ¹	\$381,957		Yes
N.C. State Engineering Foundation, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$62,761,758		Yes
N.C. State Investment Fund, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$397,192,038	Blended	Yes
N.C. State Natural Resources Foundation, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$24,970,421		Yes
N.C. State University Alumni Association	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$22,688,531		Yes
N.C. State University Foundation, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$120,359,764	Discretely Presented	Yes
N.C. State University Partnership Corporation ³	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$9,826,077	Blended	Yes
N.C. State University Physical & Mathematical Sciences Foundation, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash ²	\$14,810,125		Yes
N.C. Textile Foundation, Inc.	6/30/12	Yes	Koonce, Wooten, & Haywood, LLP	Yes ⁴	Modified Cash ²	\$32,550,814		Yes

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³N.C. State Centennial Development, LLC and N.C. State Residences, LLC were combined with the N.C. State University Partnership Corporation.

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North Carolina State University (cont'd)								
N.C. Tobacco Foundation, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash ²	\$4,473,445		Yes
N.C. Veterinary Medical Foundation, Inc.	6/30/12	Yes	Williams, Overman, Pierce, LLP	No	GAAP ¹	\$39,057,110		Yes
NCSU Student Aid Association, Inc.	6/30/12	Yes	Koonce, Wooten, & Haywood, LLP	No	GAAP ¹	\$110,179,804	Discretely Presented	Yes
North Carolina State University Club	12/31/11	Yes	Batchelor, Tillery, & Roberts, LLP	No	GAAP ¹	\$3,180,488		Yes
The University of North Carolina at Asheville								
The Center for Creativity, Craft, & Design, Inc.	6/30/12	Yes	Corliss & Solomn, PLLC	No	GAAP ¹	\$296,277		Yes
The Center for Diversity Education, Inc.	6/30/12	Yes	Internal Audit	Yes ³		\$83,981		Yes
The University Botanical Gardens at Asheville, Inc.	12/31/12	Yes	Gould Killian CPA Group, P.A.	No	GAAP ¹	\$917,690		Yes
UNC Asheville Foundation, Inc.	6/30/12	Yes	Burleson & Earley, PA	No	GAAP ¹	\$22,627,124	Discretely Presented	Yes
The University of North Carolina at Chapel Hill								
Botanical Garden Foundation, Inc.	6/30/11	Yes	Blackman & Sloop, CPAs, PA	No	GAAP ¹	\$4,471,075		Yes
Carolina for Kibera, Inc. ²	6/30/12	Yes	Roberson CPA Firm, PLLC	Yes ³	GAAP ¹	\$2,520,758		Yes

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³Findings and actions taken found on page 10.

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The University of North Carolina at Chapel Hill (cont'd)								
Chapel Hill Foundation Real Estate Holdings, Inc.	6/30/12	Yes	KPMG, LLP	No	GAAP ¹	\$6,521,210		Yes
Morehead-Cain Scholarship Fund	6/30/12	Yes	Batchelor, Tillery & Roberts, LLP	No	GAAP ¹	\$13,596,606		Yes
The Dental Foundation of N.C., Inc.	6/30/12	Yes	Koonce, Wooten, & Haywood, LLP	No	GAAP ¹	\$31,638,396		Yes
The Educational Foundation, Inc.	6/30/12	Yes	Batchelor, Tillery & Roberts, LLP	No	GAAP ¹	\$72,018,983		Yes
The Educational Foundation Scholarship Endowment Trust	6/30/12	Yes	Batchelor, Tillery & Roberts, LLP	No	GAAP ¹	\$187,380,600	Discretely Presented	Yes
The Kenan Flagler Business School Foundation ²	6/30/12	Yes	Bernard, Robinson, & Company, LLP	No	GAAP ¹	\$86,814,033	Blended	Yes
The James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc.	6/30/12	Yes	Dixon Hughes Goodman, PLLC	No	GAAP ¹	\$3,779,286		Yes
The Medical Foundation of N.C., Inc.	6/30/12	Yes	KPMG, LLP	Yes ²	GAAP ¹	\$212,728,162	Discretely Presented	Yes
The Pharmacy Foundation of N.C., Inc.	6/30/12	Yes	Koonce, Wooten, & Haywood, LLP	No	GAAP ¹	\$35,319,845		Yes
The School of Education Foundation, Inc.	6/30/12	Yes	Blackman & Sloop, CPAs, PA	No	GAAP ¹	\$3,057,904	Blended	Yes
The School of Government Foundation, Inc.	6/30/12	Yes	Blackman & Sloop, CPAs, PA	Yes ²	GAAP ¹	\$17,348,472		Yes
The School of Journalism & Mass Communications Foundation of North Carolina, Inc.	6/30/12	Yes	Blackman & Sloop, CPAs, PA	Yes ²	GAAP ¹	\$19,107,653		Yes

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The University of North Carolina at Chapel Hill (cont'd)								
The School of Social Work Foundation, Inc.	6/30/12	Yes	Blackman & Sloop, CPAs, PA	No	GAAP ¹	\$9,300,191		Yes
The University of North Carolina at Chapel Hill Arts & Sciences Foundation, Inc.	6/30/12	Yes	Blackman & Sloop, CPAs, PA	No	GAAP ¹	\$175,689,945	Discretely Presented	Yes
UNC Investment Fund, LLC	6/30/12	Yes	KPMG, LLP	No	GAAP ¹	\$3,175,306,540	Blended	Yes
The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc.	6/30/12	Yes	KPMG, LLP	No	GAAP ¹	\$2,138,978,095	Blended	Yes
The University of North Carolina at Chapel Hill Foundation, Inc.	6/30/12	Yes	KPMG, LLP	No	GAAP ¹	\$265,158,539	Blended	Yes
The University of North Carolina at Chapel Hill School of Nursing Foundation, Inc.	6/30/12	Yes	Blackman & Sloop, CPAs, PA	No	GAAP ¹	\$8,021,422		Yes
UNC Law Foundation of North Carolina, Inc.	6/30/12	Yes	McGladrey, LLP	No	Modified Cash ²	\$38,078,152	Blended	Yes
UNC Management Company, Inc.	6/30/12	Yes	KPMG, LLP	No	GAAP ¹	\$8,472,032	Blended	Yes
The University of North Carolina at Chapel Hill Public Health Foundation, Inc.	6/30/12	Yes	Blackman & Sloop, CPAs, PA	No	GAAP ¹	\$61,755,848		Yes
The University of North Carolina at Charlotte								
The Athletic Foundation of The University of North Carolina at Charlotte	6/30/12	Yes	Greer & Walker, LLP	No	GAAP ¹	\$20,534,822		Yes
VENTUREPRISE ³	6/30/12	Yes	Greer & Walker, LLP	No	GAAP ¹	\$614,094		Yes
The Foundation of The University of North Carolina at Charlotte, Inc.	6/30/12	Yes	Greer & Walker, LLP	No	GAAP ¹	\$112,269,329	Discretely Presented	Yes
The University of North Carolina at Charlotte Facilities Development Corporation, Inc.	6/30/12	Yes	Greer & Walker, LLP	No	GAAP ¹	\$2,851,832	Blended	Yes
The University of North Carolina at Charlotte Investment Fund, Inc.	6/30/12	Yes	Greer & Walker, LLP	No	GAAP ¹	\$0	Blended	Yes

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³Ventureprise is formally known as The Ben Craig Center.

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University of North Carolina at Greensboro								
Capital Facilities Foundation, Inc.	6/30/12	Yes	McGladrey & Pullen	No	GAAP ¹	\$1,721,985	Blended	Yes
Gateway University Research Park	6/30/12	Yes	Dixon Hughes Goodman LLP	No	GAAP ¹	\$72,094,191		Yes
Serve, Inc.	11/30/11	Yes	Bernard, Robinson, & Company, LLP	No	GAAP ¹	\$407,218		Yes
The Alumni Association of the University of North Carolina at Greensboro, Inc.	6/30/12	Yes	Dixon Hughes Goodman LLP	No	GAAP ¹	\$2,962,192		Yes
The UNCG Excellence Foundation	6/30/12	Yes	McGladrey & Pullen	No	GAAP ¹	\$87,629,435	Blended	Yes
The UNCG Human Environmental Sciences Foundation, Inc.	6/30/12	Yes	McGladrey & Pullen	No	GAAP ¹	\$7,560,655	Blended	Yes
The Weatherspoon Art Foundation ³	6/30/12	Yes	Internal Audit ³	No	N/A	\$21,991,114	Blended	Yes
The Weatherspoon Art Museum Association	6/30/12	Yes	McGladrey & Pullen	No	GAAP ¹	\$268,326		Yes
UNCG Investment Fund, Inc.	6/30/12	Yes	McGladrey & Pullen	No	GAAP ¹	\$198,047,632	Blended	Yes
The University of North Carolina at Pembroke								
The UNCP University Foundation, LLC	6/30/12	Yes	Reznick Group	No	GAAP ¹	\$8,533,034	Discretely Presented	Yes
UNCP Foundation, Inc.	6/30/12	Yes	Thomas, Judy, & Tucker, PA	No	GAAP ¹	\$8,057,604	Discretely Presented	Yes
UNCP Student Housing, LLC	6/30/12	Yes	Thomas, Judy, & Tucker, PA	No	GAAP	\$2,331,927	Discretely Presented	Yes

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³Internal audit reviewed the value and internal controls over the art work owned by the foundation. This foundation's only assets are the works of art. The art values are based on cost if purchased or fair value at the time of donation, if donated.

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The University of North Carolina School of the Arts								
UNC School of the Arts Foundation, Inc.	6/30/12	Yes	Smith Leonard Accountants &	No	GAAP ¹	\$28,071,134	Discretely Presented	Yes
NCSA Housing Corporation	6/30/12	Yes	Butler & Burke, LLP	No	GAAP ¹	\$134,302	Blended	Yes
NCSA Program Support Corporation	6/30/12	Yes	Butler & Burke, LLP	No	GAAP ¹	\$1,215,818		Yes
River Run Film Festival	6/30/12	Yes	Butler & Burke, LLP	No	GAAP ¹	\$157,988		Yes
The Semans Art Fund, Inc.	6/30/12	Yes	Smith Leonard Accountants &	No	GAAP ¹	\$3,230,237		Yes
The University of North Carolina at Wilmington								
Cameron Foundation	Waived ²	Waived ²	Waived ²	Waived ²	Waived ²	Waived ²		Yes
Donald R. Watson Foundation, Inc.	6/30/12	Yes	Thomas & Gibbs CPAs, PLLC	No	GAAP ¹	1,394,651	Blended	Yes
Friends of UNCW	6/30/12	Yes	Internal Audit	No	GAAP ¹	\$11,484		Yes
The Alumni Association of The University of North Carolina at Wilmington	6/30/12	Yes	Bernard, Robinson, & Company, LLP	No	GAAP ¹	\$574,607		Yes
The Foundation of UNCW, Inc.	6/30/12	Yes	Thomas & Gibbs CPAs, PLLC	No	GAAP ¹	\$5,076,613		Yes
The UNCW Student Aid Association	6/30/12	Yes	J. Lee Martin II, CPA, P A	No	GAAP ¹	\$441,535		Yes
UNCW Corporation	6/30/12	Yes	Bernard, Robinson, & Company, LLP	No	GAAP ¹	\$0	Discretely Presented	Yes
UNCW Corporation II	6/30/12	Yes	Bernard, Robinson, & Company, LLP	No	GAAP ¹	(\$609,539)		Yes
UNCW Research Foundation	6/30/12	Yes	Bernard, Robinson, & Company, LLP	No	GAAP ¹	\$43,220		Yes

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² Waived based on foundation characteristics per letter from President Bowles dated July 30, 2007.

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Western Carolina University								
The North Carolina Arboretum Society	6/30/12	Yes	Gabler Molis & Company, PA	No	GAAP ¹	\$1,431,692		Yes
Western Carolina University Foundation	6/30/12	Yes	Burleson, Earley, PA	No	GAAP ¹	\$23,943,137	Blended	Yes
Western Carolina University Research and Development Corporation	6/30/12	Yes	Burleson, Earley, PA	No	GAAP ¹	\$2,790,287	Discretely Presented	Yes
Forest Stewards, Inc	6/30/12	Yes	Burleson Earley, PA	No	GAAP ¹	(\$15,398)		Yes
The Highlands Biological Foundation, Inc.	5/31/12	Yes	Corliss & Solomn, PLLC	No	GAAP ¹	1,216,464		Yes
Winston-Salem State University								
Simon Green Atkins Community Development Corporation	6/30/12	Yes	Preston, Sims, & Darden, PA	No	GAAP ¹	\$2,985,000		Yes
Winston-Salem State University Foundation, Inc. and Subsidiary	6/30/12	Yes	Butler & Burke, LLP	No	GAAP ¹	\$13,914,620	Discretely Presented	Yes
Winston-Salem State University National Alumni Association, Inc.	6/30/12	Yes	Butler & Burke, LLP	No	GAAP ¹	\$175,281		Yes
The University of North Carolina-General Administration								
The North Carolina Public Television Foundation, Inc.	6/30/12	Yes	Thomas & Gibbs CPAs, PLLC	No	GAAP ¹	\$916,055		Yes
The University of North Carolina Foundation, Inc.	6/30/12	Yes	Koonce, Wooten, & Haywood, LLP	No	GAAP ¹	\$918,897		Yes

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Campus	Findings	Corrective Actions
East Carolina University: East Carolina University Medical Foundation & Health Sciences Foundation, Inc.	(1) Prior Period Adjustment	(1) Recommendation: Foundation management continue to remain alert for Charitable Remainder Unit Trusts (CRUT) and other donations of this nature to ensure they are properly recorded in the financial statements.
Elizabeth City State University: The Elizabeth City State University Foundation, Inc.	(1) Adopt a formal policy related to donated property (2) Develop a detail annual budget	(1) Recommendation: The Foundation perform an appraisal on the property before accepting it. The current appraisal will determine the value of the property. (2) Recommendation: Management implement the policies and procedures necessary to develop a detail annual budget.
Elizabeth City State University National Alumni Association, Inc.	(1) Same recurring transactions were posted to different accounts. (2) The nature and types of reports received varied from month to month. (3) Tax exemption for real property (4) Foundation Contributions	(1) Recommendation: Use account numbers in the general ledger, and that account names have a distinguished description not to be confused with another account. Response: Management agrees - ECSU NAA has begun to post account numbers in the general ledger. (2) Recommendations: Would benefit by having certain reports prepared on a routine basis. Such reports might include, but are not limited to: a) Schedule of cash receipts and deposit detail, b) Schedule of cash disbursed, checks and debits, c) Bank reconciliations on each cash account, d) Balance sheet, e) Income statement - current month and year-to-date, f) Budget vs. actual comparison. Response: ECSU NAA is currently working with the independent contractor to establish a list of required monthly reports with the expectation that the first reports will be generated by the end of July 2012. (3) Recommendation: The Association consult with a real estate attorney or the University's legal counsel regarding obtaining an exemption of the property. Response: By the end of July 2012, the ECSU NAA will consult with a real estate attorney to determine if the association is eligible to receive a tax exemption on said property. (4) Recommendation: The ECSU Foundation scholarship donations be posted to a separate account and appear as a separate line item on its financial statements. Response: The ECSU NAA has already established a line item to disaggregate donations to the ECSU Foundation.
North Carolina A&T State University: NCA&T University Alumni Association, Inc.	(1) Partial Implementation of University of North Carolina Policy 600.2.5.2[R]- Required Elements of University-Associated Entity Relationship (2) Monitoring of Operating Budget	(1) Recommendation: The Foundation should taken actions to ensure compliance with University of North Carolina Policy 600.2.5.2[R]- Required Elements of University-Associated Entity Relationship: (a) A university representative must be appointed by the Chancellor or his designee to sit on the Alumni Association's governing Board. (b) An audit committee must be established in fact and authorized by placement in the by-laws of the organization. Also, the Alumni Association discuss with a consultant how to develop effective policy and procedure as it relates to operating an effective audit committee.... (c) A personnel policy should be established. (d) A policy on indemnification of A&T State University to hold harmless from any damages or liabilities that result from the Alumni Association's actions. (2) Recommendation: The management of the organization closely monitor the budget in comparison with actual results, investigate and analyze significant operating budget variances with actual results and take appropriate corrective action as circumstances dictate.
North Carolina State University: North Carolina Textile Foundation, Inc.	(1) Organizational Structure (2) Financial Statement Preparation	(1) Recommendation: It was noted that the Foundation had instituted certain review procedures by various staff members which serve to mitigate the weakness in the area of segregation of incompatible duties. The Foundation should continue to apply review procedures & that the Foundation does not have a system of internal controls that enables management to conclude that the financial statements and related disclosures are complete and presented in accordance with the modified cash basis of accounting. As such, management has requested the CPA firm to prepare a draft of the financial statements, including the required footnote disclosures, as well as financial statement reclassification entries. This outsourcing of services is not unusual for entities of this size and is a result of management's cost benefit decision to rely on accounting expertise rather than incurring this internal resource cost.
The University of North Carolina at Asheville: The Center for Diversity Education	(1) Financial and Control Policies	(1) Recommendation: The Foundation executive director should follow established organizational policy when expending CDE funds.
The University of North Carolina at Chapel Hill: Carolina for Kibera, Inc.	(1) Limited number of personnel	(1) Response: The Auditing firm preparing CFK Inc.'s financial statements and footnote disclosures continues to be the most cost effective and practical option for the organization. The management and Board of Directors of Carolina for Kibera will continue to evaluate the cost effectiveness of hiring a person with the appropriate qualifications to prepare CFK Inc.'s financial statements and disclosures.
The School of Journalism and Mass Communication Foundation of North Carolina, Inc.	(1) Preparation of Financial Statements	(1) Recommendation: Management continue to evaluate whether it is cost effective to appoint a person with qualifications to prepare the financial statements and required disclosures, or to continue to have the firm complete the task.
The Medical Foundation of North Carolina, Inc.	(1) Net Assets (2) Trusts (3) Documentation	(1) Response: Management will implement new controls and improve existing controls related to financial reporting, net asset clarifications, endowment management effective September 2012, retroactive to July 1, 2012. Additionally, during the quarterly report process, management will assess the values of the endowment and the required ASC 850 reserve. The endowment reserve calculation will be added to the Foundation's year-end close procedure. (2) Response: The recording of planned gifts will occur only after the Vice President of Administration and Finance and Foundation Controller conduct a review of the associated documentation and conclude that the gift vehicle meets the applicable standards for financial statement recognition. (3) Response: Implementation of operational processes and procedural guidelines in the near future, which will allow the Foundation's appropriate review and approval authority over transactions between the University and the Foundation. Management is working towards having these processes completed and in place by March 1, 2013.
The School of Government Foundation, Inc.	(1) Preparation of Financial Statements	(1) Response: Management is aware of the weakness, but due to the cost benefit analysis, The School of Government Foundation, Inc. will continue to rely on the external auditor to draft the year-end financial statements. Management and the Board of Directors will exercise due care in reviewing the financial statements drafted by the external auditor and accepts responsibility for the accuracy of the audited financial statements.