

**6. Review of Associated Entities .....Lynne Sanders**

**Situation:** Annually, the Audit Committee of the Board of Governors reviews a report on UNC Associated Entities.

**Background:** Under the UNC Policy Manual Chapter 600.2.5.2[R], Associated Entities of General Administration and constituent institutions must provide copies of the audit report, management letters, and responses to management letters to the chancellor of the Approving Institution, through the chancellor to the governing board of the Approving Institution and the president, and through the president to the Board of Governors. One of the responsibilities of the Audit Committee of the Board of Governors is to review a summary of University associated entities of the constituent institutions and UNC General Administration.

**Assessment:** As of June 30, 2014, there were 110 Associated Entities in the University System. Nine of those Associated Entities had one or more findings.

**Action:** This item is for information only

# Summary Report of Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues
<b>Appalachian State University</b>				
Appalachian State University Foundation, Inc.	6/30/13	Yes	McGladrey LLP	No
Appalachian Real Estate Holdings, Inc.	6/30/13	Yes	Internal Audit	No
Appalachian Student Housing Corporation	6/30/13	Yes	Apple, Koceja, & Associates, PA	No
<b>East Carolina University</b>				
East Carolina University Alumni Association, Inc.	6/30/13	Yes	Dixon Hughes Goodman LLP	No
East Carolina University Educational Foundation, Inc.	6/30/13	Yes	Dixon Hughes Goodman LLP	No
East Carolina University Foundation, Inc. and Consolidated Affiliates	6/30/13	Yes	Dixon Hughes Goodman LLP	No
East Carolina University Medical Foundation & Health Sciences Foundation, Inc.	6/30/13	Yes	Dixon Hughes Goodman LLP	No
<b>Elizabeth City State University</b>				
The Elizabeth City State University Foundation	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
Elizabeth City State University National Alumni Association, Inc.	12/31/13	Yes	Murphy & Company, P.C.	Yes <sup>1</sup>
<b>Fayetteville State University</b>				
Fayetteville State University Athletic Club	6/30/13	Yes	Buie, Norman, & Company, P.A.	No
Fayetteville State University Development Corporation	6/30/13	Yes	Buie, Norman, & Company, P.A.	No
Fayetteville State University Foundation, Inc., and Subsidiary	6/30/13	Yes	Buie, Norman, & Company, P.A.	No
Fayetteville State University National Alumni Association, Inc.	6/30/13	Yes	Buie, Norman, & Company, P.A.	No
Fayetteville State University Housing Foundation, LLC	6/30/13	Yes	Buie, Norman, & Company, P.A.	No
Fayetteville State University Student Housing Corporation and Subsidiary	6/30/13	Yes	Buie, Norman, & Company, P.A.	No
<b>North Carolina A&amp;T State University</b>				
North Carolina A&T State University Alumni Association, Inc.	6/30/13	Yes	Clarence G. Grier, CPA	No
North Carolina A&T University Foundation, Inc.	6/30/13	Yes	Oliver W. Bowie, CPA, PA	No
The Aggie Athletic Foundation of North Carolina A&T State University, Inc.	6/30/13	Yes	Oliver W. Bowie, CPA, PA	No
<b>North Carolina Central University</b>				
North Carolina Central University Alumni Association, Inc.	6/30/13	Yes	Oliver W. Bowie, CPA, PA	No
The North Carolina Central University Educational Advancement Foundation, Inc.	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
The North Carolina Central University Foundation, Inc.	6/30/13	Yes	McGladrey LLP	No
NCCU Real Estate Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, P.A.	No

<sup>1</sup> Findings are on page 6

<sup>2</sup> As of 8/30/13, Center for Craft, Creativity and Design is no longer associated with the University.

<sup>3</sup> Waived based on foundation characteristics per letter from President Bowles (July 30, 2007)

<sup>4</sup> Internal 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.

# Summary Report of Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues
<b>North Carolina School of Science and Mathematics</b>				
North Carolina School of Science and Mathematics Foundation	6/30/13	Yes	McGladrey LLP	No
NCSSM Student and Constituent Support Services, Inc.	6/30/13	Yes	Thomas E. Spivey, CPA, PA	No
<b>North Carolina State University</b>				
The North Carolina Agricultural Foundation, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
NC State Alumni Club, Inc.	12/31/13	Yes	Batchelor, Tillery, & Roberts, LLP	No
NC State Engineering Foundation, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
NC State Investment Fund, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
NC State Natural Resources Foundation, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
North Carolina State University Alumni Association, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
North Carolina State University Foundation, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
NC State University Partnership Corporation and Affiliates	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
North Carolina State University Physical & Mathematical Sciences Foundation, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
North Carolina Textile Foundation, Inc.	6/30/13	Yes	Koonce, Wooten, & Haywood, LLP	Yes <sup>1</sup>
North Carolina Tobacco Foundation, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
North Carolina Veterinary Medical Foundation, Inc.	6/30/13	Yes	Williams, Overman, Pierce, LLP	No
NC State Student Aid Association, Inc.	6/30/13	Yes	Koonce, Wooten, & Haywood, LLP	No
North Carolina State University Club	12/31/13	Yes	Batchelor, Tillery, & Roberts, LLP	No
<b>The University of North Carolina at Asheville</b>				
The Center for Creativity, Craft, & Design, Inc. <sup>2</sup>	6/30/13	Yes	Corliss & Solomn, PLLC	No
The Center for Diversity Education	6/30/13	Yes	Internal Audit	Yes <sup>1</sup>
University Botanical Gardens at Asheville, Inc.	12/31/13	Yes	Gould Killian CPA Group, P.A.	No
University of North Carolina Asheville Foundation, Inc.	6/30/13	Yes	Burleson & Earley, P.A.	No

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<b>The University of North Carolina at Chapel Hill</b>				
The Botanical Garden Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	Yes <sup>1</sup>
Carolina for Kibera, Inc.	6/30/13	Yes	Roberson CPA Firm, PLLC	Yes <sup>3</sup>
Chapel Hill Foundation Real Estate Holdings, Inc.	6/30/13	Yes	KPMG LLP	No
Morehead-Cain Scholarship Fund	6/30/13	Yes	Batchelor, Tillery & Roberts, LLP	No
Dental Foundation of North Carolina, Inc.	6/30/13	Yes	Koonce, Wooten & Haywood, LLP	No
The Educational Foundation, Inc.	6/30/13	Yes	Batchelor, Tillery & Roberts, LLP	No
The Educational Foundation Scholarship Endowment Trust	6/30/13	Yes	Batchelor, Tillery & Roberts, LLP	No
The Kenan-Flagler Business School Foundation	6/30/13	Yes	Bernard, Robinson, & Company, LLP	No
KFBSF Real Estate Fund I, L.P.	12/31/13	Yes	Bernard Robinson & Company, LLP	No
KFBSF Real Estate Fund II, L.P.	12/31/13	Yes	Bernard Robinson & Company, LLP	No
KFBSF Private Equity Fund I, L.P.	12/31/13	Yes	Bernard Robinson & Company, LLP	No
KFBSF Private Equity Fund II, L.P.	12/31/13	Yes	Bernard Robinson & Company, LLP	No
James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc.	6/30/13	Yes	Dixon Hughes Goodman LLP	No
The Medical Foundation of North Carolina, Inc. and Subsidiary	6/30/13	Yes	KPMG LLP	No
The Pharmacy Foundation of North Carolina, Inc.	6/30/13	Yes	Koonce, Wooten & Haywood, LLP	No
The University of North Carolina at Chapel Hill School of Education Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	No
The School of Government Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	Yes <sup>2</sup>
The School of Journalism & Mass Communications Foundation of North Carolina, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	No
The School of Social Work Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	No
The University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	No
UNC Investment Fund, LLC	6/30/13	Yes	KPMG LLP	No
The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc.	6/30/13	Yes	KPMG LLP	No
The University of North Carolina at Chapel Hill Foundation, Inc.	6/30/13	Yes	KPMG LLP	No
The University of North Carolina at Chapel Hill School of Nursing Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	No
UNC Law Foundation, Inc.	6/30/13	Yes	McGladrey LLP	No
UNC Management Company, Inc.	6/30/13	Yes	KPMG LLP	No
The University of North Carolina at Chapel Hill Public Health Foundation, Inc.	6/30/13	Yes	Blackman & Sloop, CPAs, PA	No

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<b>The University of North Carolina at Charlotte</b>				
The Athletic Foundation of the University of North Carolina at Charlotte	6/30/13	Yes	McGladrey LLP	No
Ventureprise, Inc.	6/30/13	Yes	McGladrey LLP	No
The Foundation of The University of North Carolina at Charlotte, Inc.	6/30/13	Yes	McGladrey LLP	Yes <sup>3</sup>
The University of North Carolina at Charlotte Facilities Development Corporation, Inc.	6/30/13	Yes	McGladrey LLP	No
The University of North Carolina at Charlotte Investment Fund, Inc.	6/30/13	Yes	McGladrey LLP	No
<b>University of North Carolina at Greensboro</b>				
Capital Facilities Foundation, Inc. and Consolidated Subsidiaries	6/30/13	Yes	McGladrey LLP	No
Gateway University Research Park, Inc.	6/30/13	Yes	Dixon Hughes Goodman LLP	No
Serve, Inc.	11/30/13	Yes	Bernard, Robinson, & Company, LLP	No
The Alumni Association of the University of North Carolina at Greensboro, Inc.	6/30/13	Yes	Dixon Hughes Goodman LLP	No
The UNCG Excellence Foundation	6/30/13	Yes	McGladrey LLP	No
The University of North Carolina at Greensboro Human Environmental Sciences Foundation, Inc.	6/30/13	Yes	McGladrey LLP	No
Weatherspoon Arts Foundation <sup>4</sup>	6/30/13	Yes	Internal Audit	No
Weatherspoon Art Museum Association	6/30/13	Yes	McGladrey LLP	No
The University of North Carolina at Greensboro Investment Fund, Inc.	6/30/13	Yes	McGladrey LLP	No
<b>The University of North Carolina at Pembroke</b>				
The UNCP University Foundation, LLC	6/30/13	Yes	Thomas, Judy & Tucker, PA	No
The University of North Carolina at Pembroke Foundation, Inc.	6/30/13	Yes	Thomas, Judy & Tucker, PA	No
The UNCP Student Housing Foundation, LLC	6/30/13	Yes	Thomas, Judy & Tucker, PA	No
<b>The University of North Carolina School of the Arts</b>				
University of North Carolina School of the Arts Foundation, Inc.	6/30/13	Yes	Smith Leonard Accountants & Consultants	No
UNCSA Housing Corporation	6/30/13	Yes	Butler & Burke, LLP	No
University of North Carolina School of the Arts Program Support Corporation	6/30/13	Yes	Butler & Burke, LLP	No
RiverRun International Film Festival	6/30/13	Yes	Butler & Burke, LLP	No
The Semans Art Fund, Inc.	6/30/13	Yes	Smith Leonard Accountants & Consultants	No

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<b>The University of North Carolina at Wilmington</b>				
Cameron Foundation	Waived <sup>3</sup>	Waived <sup>3</sup>	Waived <sup>3</sup>	Waived <sup>3</sup>
Donald R. Watson Foundation, Inc.	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
Friends of UNCW, Inc.	6/30/13	Yes	Office of Internal Audit at UNC Pembroke	No
The Alumni Association of The University of North Carolina at Wilmington	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
The Foundation of the University of North Carolina at Wilmington, Inc.	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
The UNCW Student Aid Association, Inc.	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
UNCW Corporation	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
UNCW Corporation II	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
UNCW Research Foundation	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
<b>Western Carolina University</b>				
The North Carolina Arboretum Society	6/30/13	Yes	Gould Killian CPA Group, P.A.	No
Western Carolina University Foundation	6/30/13	Yes	Burleson & Earley, PA	No
Western Carolina University Research and Development Corporation	6/30/13	Yes	Burleson & Earley, PA	No
Forest Stewards, Inc.	6/30/13	Yes	Burleson & Earley, PA	No
The Highlands Biological Foundation, Inc.	5/31/13	Yes	Corliss & Solomn, PLLC	No
<b>Winston-Salem State University</b>				
Simon Green Atkins Community Development Corporation	6/30/13	Yes	Preston, Sims, & Darden, P.A.	No
Winston-Salem State University Foundation, Inc. and Subsidiary	6/30/13	Yes	Butler & Burke, LLP	No
Winston-Salem State University National Alumni Association, Inc.	6/30/13	Yes	Butler & Burke, LLP	No
<b>The University of North Carolina-General Administration</b>				
The North Carolina Public Television Foundation, Inc.	6/30/13	Yes	Thomas & Gibbs CPAs, PLLC	No
The University of North Carolina Foundation, Inc.	6/30/13	Yes	Koonce, Wooten, & Haywood, LLP	No

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Summary Report of Associated Entities

Campus / Associated Entity	Management Letter/Report Issues	Recommendations	Response
<b>Elizabeth City State University:</b> Elizabeth City State University National Alumni Association, Inc.	(1) Cash Management  Prior Year Finding: Opening Balances	(1) Management should closely monitor its cash flow and budget projections . When cash shortfalls are anticipated, additional focus should be placed on auxiliary revenue streams and reduction in expenditures to help improve cash flow and operating results.  Prior Year Finding: The beginning balances at January 1, 2013 did not agree with the ending balances at December 31, 2012 (per the audit), suggesting the prior year audit adjustments were not posted to the general ledger.	(1) A plan has been developed to address the cash flow issue. It will be refined further at the NAA's summer convention on July 11-12, 2014; and presented to the general body for final approval at its fall meeting on September 13, 2014.
<b>North Carolina Central University:</b> NCCU Foundation	(1) Financial Reporting (2) Funds Held on Behalf of Others (3) Evaluation of Prudence in Accordance with UPMIFA (4) Information Technology Policies (5) General Ledger Account Names	(1) The Foundation's net asset schedules should be completed on a more frequent and timely basis. A more thorough review of the details of these schedules to ensure accuracy and completeness should also be completed. The endowment, and other net asset schedules, should be utilized when reviewing the Foundation's assets and liabilities to enhance the accuracy of the Foundation's reporting of unrestricted, temporarily restricted, and permanently restricted assets and liabilities. (2) Management should continue to consider ways to further mitigate the inherent risks associated with this type of activity (3) The Board should formally evaluate the seven factors at least annually and document the evaluation in meeting minutes. (4) The Foundation should evaluate the need to develop a more current policy independent of the University. (5) General ledger account names should reflect the nature of activity being transacted.	(1) In March 2014, the Foundation hired an external CPA consultant to review the internal financial statements and assist in not only reconciling those endowment funds to an individual project level but to also correct (if needed) all temporarily restricted accounts down to an individual project level. Additional process & controls have been put into place to record transactions to proper project codes and to review individual project balance sheets to ensure that all projects are not only in balance but can also delineate the net assets between cash, pledges, investments, etc. Beginning in April 2014, the reconciliations are also reviewed by our external CPA consultant. Since the Foundation is no longer tracking one year pledges, we have determined that a reconciliation of the pledges be done on a quarterly basis and will also be reviewed by management and the external CPA consultant. Transactions, as they relate to the endowment, are recorded on a monthly basis down to the project level and are reviewed through the reconciliation of the investments. The full endowment spreadsheet will be put together as part of the audit preparation. Since we are now posting transactions down to the project level and are reviewing balance sheets on a monthly basis, we feel that the above reconciliation process is sufficient to eliminate the deficiency of controls in the upcoming year. (2) Management would like to note that the actual number of individuals that serve to manage the agency funds is only 34 which consist of department heads and others. We will continue to look for ways to manage the number of individuals who have authority over agency funds but given the incorrect number listed in your letter, we do not believe this item is a control deficiency in our organization. (3) While all of these items were in fact discussed annually at the board meeting, management understands the need to be transparent and agrees to document and formally put into place as part of the responsibility of the Finance Committee, via their minutes, an annual checklist to be discussed regarding the seven factors of UPMIFA as well as the spending policy, actual spending and the calculated amount to be spent. (4) While we agree that the University policies need to be updated and are currently being reviewed under the new leadership, we feel that this comment does not rise to a level of a control deficiency for the Foundation. We will, however, continue to monitor security of our accounting system and verify regularly that Blackbaud provides any necessary updates to provide confidence that all data is secure. (5) Management has reviewed the recommendation and has made the changes to certain account numbers to avoid confusion with common banking activity of similar descriptions.
The North Carolina Central University Educational Advancement Foundation, Inc.	(1) Inadequate support for manual journal entries (2) Cash reconciliations (3) Unrecorded in-kind donations (4) Preparation of financial statements	(1) Management of the Eagle Club should implement a process to review journal entries affecting the Eagle Club's general ledger accounts. We also recommend that the Eagle Club maintain supporting documents to explain the computation and rationale for journal entries. (2) The Eagle Club should maintain an independent record of changes in cash balances based on receipt and disbursement reports provided by the NCCU Foundation. An independent record would allow the Eagle Club's management to identify any unexpected changes in cash and make timely inquiries with the NCCU Foundation regarding the nature of these matters. (3) The Eagle Club should implement a process to track in-kind donations for financial statement reporting purposes (4) The Eagle Club should implement a plan to improve its ability to prepare GAAP basis financial statements	Associated Entity did not formally respond to Management Letter; however, campus staff is following up on the issues noted.

Summary Report of Associated Entities

Campus / Associated Entity	Management Letter/Report Issues	Recommendations	Response
<b>North Carolina State University:</b> North Carolina Textile Foundation, Inc.	(1) Organizational Structure (2) Financial Statement Preparation	(1) 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 (2) 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.	(1) The limited number of employees and structure of the Foundation does not allow for a full segregation of duties. However, the Foundation has implemented procedures in order to mitigate the risks associated with the structure. Management oversight, as well as Board involvement and monitoring procedures, have been adopted in order to prevent and detect fraud. Management and employees provide reports regularly to the Treasurer and Board. The Board monitors spending closely, compared to the budget they set. Also, various monthly, quarterly and year-end reconciliations are performed by an outside, independent accountant. Management will continue to communicate financial information with the Board and emphasize the importance of the Board's involvement with and oversight of the Foundation. (2) The Foundation does not have an individual on staff equipped to prepare full disclosure financial statements. The Foundation has elected to outsource this process to the auditors due to the high cost to complete the process internally. The audit committee keeps a direct, open line of communication with the auditors, participates in a pre-audit planning meeting, and reviews the financial statements in detail with the auditors upon the completion of the audit.
<b>The University of North Carolina at Asheville:</b> The Center for Diversity Education	(1) Financial and Control Policies	(1) The Foundation executive director should follow established organizational policy when expending CDE funds.	(1) Concurs with this finding and the internal audit recommendation. Closer attention will be paid to writing checks for the Center for Diversity Education. NOTE: The Center for Diversity, effective July 1, 2014 is now a part of the university.
<b>The University of North Carolina at Chapel Hill:</b> The Botanical Garden Foundation, Inc.	(1) Accounting Software System (2) Reporting to the Board (3) Preperation of Financial Statements (4) Preparation of Bank Reconciliations (5) Cash Management	(1) Management should utilize a nonprofit accounting software program (instead of excel worksheets) to summarize the Foundation's financial activity, and begin preparing complete financial statements on a monthly basis. (2) A monthly reporting package should be developed and implemented to provide the Board with complete and timely financial information. The reporting should include a budget-to-actual analysis, as well as other standard reports. (3) Management should continue to evaluate whether it is cost effective to appoint a person internally with qualifications to prepare the financial statements and note disclosures. (4) Bank reconciliations should be performed promptly every month. All reconciling items should be investigated and adjusted at the time the reconciliations are prepared. (5) Management should develop and implement a written investment policy which dictates procedures to timely transfer permanently restricted gifts to the investment fund, possibly on a quarterly basis, in efforts to maximize earnings on donors' gifts to the Foundation.	Associated Entity is in the process of formally responding to the Management Letter.
Carolina for Kibera, Inc.	(1) Limited number of personnel	(1) Management and the Board should continue to evaluate whether it is cost effective to hire a person with the qualifications to prepare the financial statements and disclosures.	(1) 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 Government Foundation, Inc.	(1) Preparation of Financial Statements	(1) Management and the Board should continue to evaluate whether it is cost effective to appoint a person with qualifications to prepare the financial statements.	(1) 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.
<b>The University of North Carolina at Charlotte:</b>			



Summary Report of Associated Entities

Campus / Associated Entity	Management Letter/Report Issues	Recommendations	Response
The Foundation of the University of North Carolina at Charlotte, Inc.	(1) Pledges Receivable (2) Liabilities Under Split-Interest Agreements	(1) Management should review the current processes in place that contribute to capturing and recording pledge information. Based on the understanding obtained, management needs to design a more effective set of controls that will allow it to record pledges with a higher degree of confidence that the recorded balance is materially correct. (2) Management should consider all balances that should be recorded associated with these types of agreements as they are entered into in the future as well as correct the historical oversight in the next fiscal year.	(1) The Pledge Receivable Report is reviewed, quarterly, during the months of January, April, July and October, with each Director of Development responsible for the open pledge. Each pledge is reviewed for activity, changes and completeness. The Director of Development and Gift Analyst will research and reconcile any discrepancies. All changes and updates will be entered into Banner Advancement and a new report created to reflect changes/updates. All documentation including beginning Pledge Receivable Report andfinal Pledge Receivable Report will be filed for future reference. (2) The liability should represent the present value ofthe expected payments to be made to the lead beneficiaries under these agreements. Wells Fargo, the Foundation's custodian and manager of the gift annuities and unitrust agreements, has calculated the liability for FY 2014 and the liability was recorded for FY 2014.