

NCInnovation, Inc.

Research Triangle Park, NC

Performance Audit Report
March 2025

UNBIASED. IMPACTFUL. IRREFUTABLE.



A Department of the
State of North Carolina





North Carolina Office of the State Auditor

Dave Boliek, State Auditor

www.auditor.nc.gov

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
Dr. J. Bennet Waters, NCInnovation President & CEO
Kelly King, Chair, NCInnovation Board of Directors

To all:

NCInnovation, Inc is a North Carolina organization with a mission to enhance the research-to-commercialization pipeline at North Carolina's public universities. The State of North Carolina supports NCInnovation through a \$500 million publicly funded endowment reserve.

The Office of the State Auditor completed a focused performance audit of NCInnovation and has found that NCInnovation followed what is statutorily required of it, regarding the stated objectives of the audit.

That said, the Office of the State Auditor's performance audit of NCInnovation does present recommendations the organization should implement in order to lower operational risk with private fundraising and improve transparency and communication to its Board of Directors.

We recommend the continued, consistent use of formal pledge agreements. We also recommend that NCInnovation management continue to work with the Program Committee of the Board of Directors, to ensure that the Board – whose makeup includes publicly appointed individuals – is fully informed.

Additionally, given the large amount of state funding entrusted to NCInnovation, the organization should be aware that the Office of the State Auditor may return at any point – announced or unannounced – to audit any aspect of NCInnovation on behalf of the taxpayers of North Carolina.

The President & CEO of NCInnovation has received and reviewed a draft copy of this report. His written comments are included in this report, beginning on page 23.

We appreciate the courtesy and cooperation received from management and the employees of NCInnovation during our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dave Boliek".

Dave Boliek
State Auditor

Executive Summary

The Office of the State Auditor has completed a performance audit in accordance with Chapter 147, Article 5A of the North Carolina General Statutes concerning NCInnovation, Inc. (NCInnovation).

NCInnovation is a public-private partnership that provides university researchers with grant funding and support to help commercialize research breakthroughs and accelerate the transition from academia to industry.

The organization is backed by a \$500 million publicly funded endowment reserve that the North Carolina General Assembly created. The reserve earns interest and investment income to fund NCInnovation regional innovation networks, grants, and other university research support. Administrative costs are paid by private funds NCInnovation is statutorily required to raise.

In May 2024, the NCInnovation Board of Directors approved \$5.2 million in pilot grants for eight research projects at seven North Carolina public universities. These were the first set of grants issued by NCInnovation since establishment of the endowment reserve.

Objective:

The objectives of this performance audit were to determine whether NCInnovation:



Documented private funding commitments in accordance with state law as of June 30, 2024.



Awarded grants to recipients in accordance with state law and NCInnovation procedures for the period July 1, 2023, through June 30, 2024.



Ensured programs that received grant funds had methods to measure whether they were achieving their intended results for the period July 1, 2023, through June 30, 2024.

Our audit objectives included only the items expressly stated above. Our audit objectives **did not include:**

- Determining whether pledges were accounted for in accordance with Generally Accepted Accounting Principles (GAAP).¹ However, see Matter for Further Consideration 2 on page 17.

¹ State law (N.C.G.S § 143-728(d)(9)) required NCInnovation to maintain its records and accounts (including pledges) in accordance with GAAP. Prior to this audit, NCInnovation engaged an independent certified public accounting firm (CPA Firm) to review the organization's schedule of pledges as of May 31, 2024. The CPA Firm conducted an agreed-upon-procedures engagement and did not identify any exceptions related to the schedule's mathematical accuracy, documentary support for each pledge, and documentation of the satisfaction of donor-imposed conditions. Additionally, in November 2024, the CPA Firm also concluded an audit of NCInnovation's financial statements and opined that the financial statements presented fairly, in all material respects, the financial position of NCInnovation.

- Determining whether projects selected by NCInnovation in the pilot grant program were the best projects to receive funding, scientifically and financially reasonable, or otherwise most deserving of selection.

Findings:



Private funding commitments were documented in accordance with state law.



NCInnovation grants were awarded to recipients in accordance with state law and NCInnovation procedures.



NCInnovation ensured that grant recipients had methods to measure results.

Recommendations:

①

NCInnovation management should continue to ensure that all pledges are documented in a regular and consistent manner, such as through use of the formal pledge agreement form. Continuing with this consistent process ensures that all future pledges are documented thoroughly and are legally enforceable.

According to the Government Accountability Office, the effective documentation of procedures, such as ensuring consistency in documenting pledges, assists management in designing internal controls and is a necessary part of an effective internal control system. Internal controls provide management with confidence in achieving objectives and helps reduce risks that could affect the organization's success.²

②

NCInnovation management should leverage their experience conducting the pilot grant program during future grant award activities and should formally document policies and procedures that will be followed during future grant award activities.

According to the Government Accountability Office, the effective documentation of procedures assists management in designing internal controls and is a necessary part of an effective internal control system. Internal controls provide management with confidence in achieving objectives and helps reduce risks that could affect the organization's success.³

③

NCInnovation management should continue working with the Program Committee of the Board of Directors, including providing details of projects not recommended for funding in the future to strengthen transparency, communication, and oversight of future grant awards.

² United States Government Accountability Office, Standards for Internal Control in the Federal Government, September 2014, § OV4.08 & 3.10.

³ Ibid.

According to the Government Accountability Office, the Board is responsible for overseeing the organization's operations, providing constructive criticism to management, and where appropriate, makes oversight decisions.⁴

Additionally, the Board of Directors is made up of individuals appointed by North Carolina Legislative leaders, who are held accountable by the general public. Providing the full scope of considerations and reasoning for the decision to award funds to certain projects but not others strengthens transparency, communication, and oversight of the expenditure of public dollars.

In addition to ensuring that the Board of Directors is fully informed, NCInnovation management should continue to provide regular programmatic and budget updates to the North Carolina General Assembly.

Matters for Further Consideration:

- ① NCInnovation management should continue to be conscious of potential conflicts of interest.
- ② NCInnovation management should continue to be cognizant of the requirement to maintain its records and accounts in compliance with generally accepted accounting principles, as required by state law.
- ③ NCInnovation should continue to monitor closely the limitation on lobbying expenses set forth in the Internal Revenue Code, as required by state law.

Given the large amount of state funding entrusted to NCInnovation, the organization should be aware that the Office of the State Auditor may return at any point – announced or unannounced – to audit any aspect of NCInnovation on behalf of North Carolina taxpayers.

⁴ United States Government Accountability Office, Standards for Internal Control in the Federal Government, September 2014, § 2.03

Table of Contents

| | Page |
|--|------|
| Background | 1 |
| Findings and Recommendations | |
| 1. Private Fundings Commitments were Documented in Accordance with State Law | 4 |
| 2. Grants were Awarded to Recipients in Accordance with State Law and NCInnovation Procedures | 7 |
| 3. Grant Recipients Had Methods to Measure Results | 12 |
| Matters for Further Consideration | |
| 1. Investment Manager Selection Process | 14 |
| 2. NCInnovation GAAP Compliance Certification | 17 |
| 3. NCInnovation Lobbying Expenses | 19 |
| Objectives, Scope, and Methodology | 20 |
| Appendix | 22 |
| Response from NCInnovation, Inc. | 23 |
| Ordering Information | 25 |

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.



Background

NCInnovation:

NCInnovation, Inc. (NCInnovation) was incorporated in 2020 and is a non-profit organization located in Research Triangle Park, NC. NCInnovation's headquarters is located on RTI International's Research Triangle Park Campus for which monthly rent is \$18,473 per month.⁵

The mission of NCInnovation is supporting researchers with grant funding, mentorship, and partnership development to commercialize research breakthroughs and accelerate the transition from academia to industry.

**State Funding:**

In 2023, the North Carolina General Assembly created⁶ a \$500 million endowment reserve that earns interest and investment income⁷ to fund NCInnovation regional innovation networks, grants, and other university research support. The endowment model was designed and implemented to eliminate the need for recurring taxpayer investment.

NCInnovation received the first tranche of \$250 million in January 2024. The second tranche of the additional \$250 million was received in August 2024 after NCInnovation certified that it had met the requirements in state law that made it eligible to receive the funding.

According to NCInnovation, to-date, the full balance of the endowment has been invested in a cash equivalent government backed securities fund. The endowment has earned \$16.9 million in interest as of December 2024, with a rate of return for investments ranging from 4.38% to 5.27% over the last year.

Moving forward, NCInnovation selected Wells Fargo & Company (Wells Fargo) as the investment manager of the endowment. As of the date of our audit procedures, the NCInnovation Board of Directors and Investment Committee had not finalized NCInnovation's Investment Policy Statement or finalized investment asset allocation, portfolio return targets, or relative benchmarks.

However, according to Wells Fargo's presentation to NCInnovation's Investment Committee in December 2024, Wells Fargo's advisory fee is seven basis points for the initial implementation of a conservative portfolio and 10 basis points for its longer-term services (and are inclusive of all fees).⁸ Additionally, the expected rate of annual return is expected to range between 3% and 7%.

See Matter for Further Consideration 1 on page 14 for more information concerning NCInnovation's investment manager selection process.

Private Funding:

⁵ With a three percent escalation to occur annually on June 1.

⁶ S.L. 2023-134 (2023 Appropriations Act).

⁷ Per N.C.G.S. § 143-728(f)(2), endowment investment income must be used for funding grant awards or supporting the network of regional innovation hubs.

⁸ N.C.G.S. §143-728(d)(4) requires that annual compensation for NCInnovation's investment manager (including any management fee) not to exceed 15 basis points.

State law⁹ required NCInnovation to obtain written pledges totaling at least \$25 million. Additionally, state law required the pledges to be received by NCInnovation within five years of receipt of any part of the endowment¹⁰ and within four years of receipt of the full endowment.¹¹

All NCInnovation administrative costs must be funded by private funds, ensuring that all state funding goes directly to university researchers.

Grant Awards and Pilot Grant Program:

State law¹² requires that NCInnovation award grants only to higher education research institutions under programs designed to do any of the following:

1. Provide capacity building to (i) expand applied research federal grant scouting and (ii) provide project management and support for researchers engaged in collaborations between such institutions.
2. Support technology development, start-up support, and licensing assistance.
3. Pursue intellectual property protections, including patent prosecution.
4. Provide direct, non-dilutive funding designed to advance research and development to proof of commercial viability.
5. Furnish additional support services after proof of commercial viability designed to assist researchers at such institutions in attaining, from sources other than NCInnovation, venture capital and capital formation.

Additionally, state law requires each grant recipient to maintain its headquarters and principal place of business in North Carolina. Grant recipients must also organize under the laws of North Carolina for any commercialization resulting from the grants, for a minimum of five years.¹³

State law¹⁴ also requires NCInnovation to report annually to the North Carolina General Assembly on its programs and activities for items that include but are not limited to:

1. Every award of grants, funds, or other support by NCInnovation in the prior fiscal year. This information shall include, at a minimum, the recipient, amount, term, and purpose of the award.
2. Outcome data collected by NCInnovation, including the number of jobs created.

⁹ S.L. 2023-134 § 2.2.(k)(2)d.

¹⁰ N.C.G.S. § 143-728.(d)(6).

¹¹ S.L. 2023-134 § 2.2.(k)(2)d.

¹² N.C.G.S. § 143-728(d)(3)b.

¹³ N.C.G.S. § 143-728(d)(3)c.

¹⁴ N.C.G.S. § 143-728(d)(2)a.

3. Developed performance metrics for recipients of funding and support by NCInnovation.

In February 2024, the NCInnovation Board of Directors approved a pilot grant program designed to identify up to eight projects for an initial round of grant funding and to provide NCInnovation management with an opportunity to identify best practices that could be applied in future rounds of grantmaking.

In May 2024, the NCInnovation Board of Directors approved eight grants as part of the pilot program. Grants totaling \$5.2 million were awarded to researchers at seven North Carolina public universities.



Findings and Recommendations



Private funding commitments were documented in accordance with state law.

As of June 30, 2024, NCInnovation private funding commitments (pledges) were documented in accordance with state law.¹⁵

State law¹⁶ required NCInnovation to obtain written pledges totaling at least \$25 million. Additionally, state law required the pledges to be received by NCInnovation within five years of receipt of any part of the endowment¹⁷ and within four years of receipt of the full endowment.¹⁸

NCInnovation received 29 pledges totaling \$25.7 million¹⁹ from banking institutions, private charitable foundations, health insurance organizations, and other donors²⁰ during the period October 2020, through April 2024. See Table 1 below, Chart 1 on the following page, and Appendix A on page 22:

Table 1: Donor Organization Types

| Banking Institutions | Charitable Foundations | Health Insurance Organizations | Other Donors |
|--|--|---|--|
|  |  |  |  |
| \$10.3 million | \$2.8 million | \$2.3 million | \$10.3 million |

¹⁵ State law (N.C.G.S § 143-728(d)(9)) also required NCInnovation to maintain its records and accounts (including pledges) in accordance with generally accepted accounting principles (GAAP). NCInnovation engaged an independent certified public accounting firm (CPA Firm) to review the organization’s schedule of pledges as of May 31, 2024. The CPA Firm conducted an agreed-upon-procedures engagement and did not identify any exceptions related to the schedule’s mathematical accuracy, documentary support for each pledge, and documentation of the satisfaction of donor-imposed conditions. Therefore, a determination of whether pledges were accounted for in accordance with GAAP was not included in this audit’s objectives.

¹⁶ S.L. 2023-134 § 2.2.(k)(2)d.

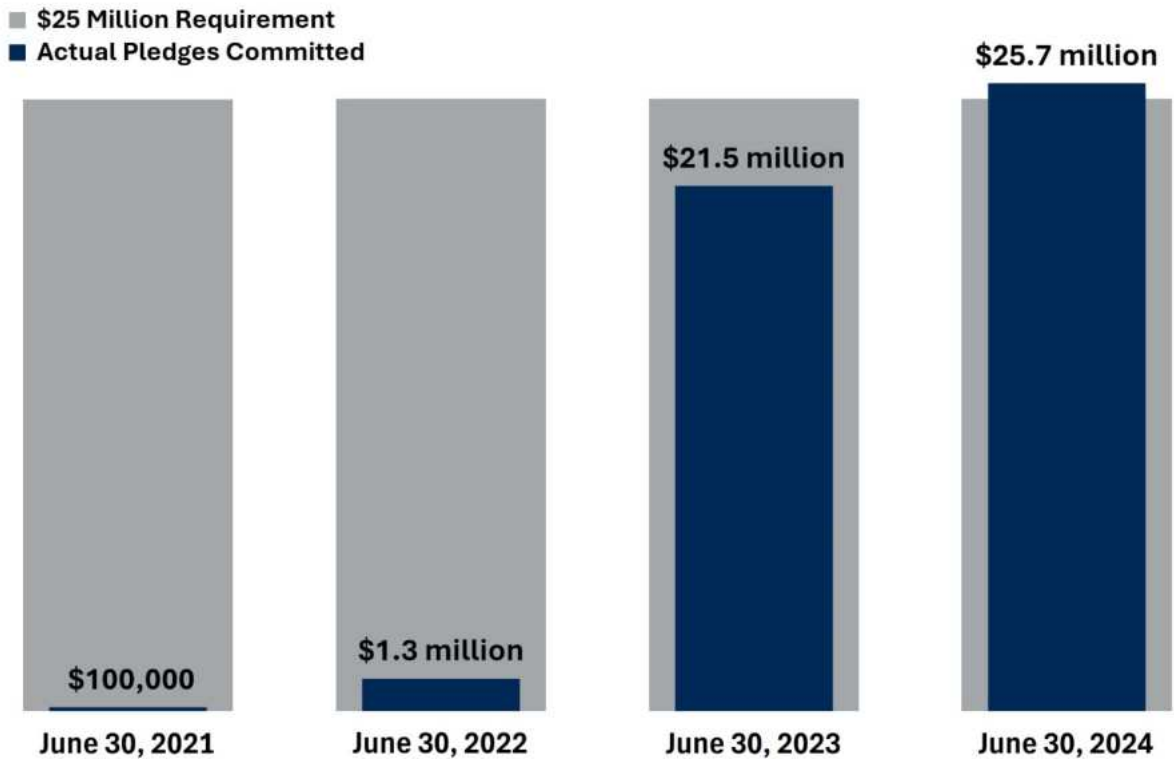
¹⁷ N.C.G.S. § 143-728.(d)(6).

¹⁸ S.L. 2023-134 § 2.2.(k)(2)d.

¹⁹ From 26 donors. Three donors made two separate pledges.

²⁰ Includes other types of donors such as research organizations, real estate firms, and utility companies.

Chart 1: Accumulation of Pledges Committed through June 30, 2024



Source: Auditor analysis of pledge commitment documentation.

Auditors obtained and reviewed supporting documentation²¹ for all of NCInnovation’s 29 pledges and determined that all 29 pledges were (1) made in writing, and (2) due to be received within the timeframes required by state law.²²

Each pledge was documented in writing either by a pledge agreement²³ signed by NCInnovation’s President & Chief Executive Officer (CEO) and by authorized representatives of the donor organization or by an email²⁴ from the donor organization that contained details of the pledge. Each pledge agreement or email specified the amount of the pledge, that the pledge was to be paid in cash,²⁵ and the date by which the pledge would be paid.

²¹ Supporting documentation included emails from donors and formalized donation pledge forms.

²² NCInnovation received the first tranche of funding for the endowment from the General Assembly in the amount of \$250 million on January 25, 2024, and the second tranche of \$250 million on August 8, 2024. Based on the requirements of S.L. 2023-134 and N.C.G.S. §143-728, auditors determined that the pledges were required to be received on or before August 8, 2028.

²³ 20 of the 29 pledges, totaling \$17.5 million, were supported by a formal pledge agreement form.

²⁴ Nine of the 29 pledges, totaling \$8.2 million, were supported by an email from the donor organization, meeting the requirements of state law that the pledge be in writing. Auditors noted that NCInnovation no longer documented pledges via email after 2022 and consistently used the pledge agreement form from 2023 onwards.

²⁵ According to NCInnovation management, one pledge originally included the possibility of being made up in part as an in-kind (noncash) donation, however no in-kind support was ever agreed to or provided by the donor. Prior to NCInnovation’s certification that the \$25 million in pledges had been obtained, the donor affirmed their pledge to be entirely in cash, which auditors confirmed.

Based on our review of the written agreements, auditors determined that all pledges were due to be received prior to the required due date of August 8, 2028, in compliance with state law. See Table 2, below:

Table 2: Date Pledges to be Received

| Pledges Due By | Pledge Amounts |
|-----------------------|------------------------------|
| June 30, 2023 | \$ 7.2 million ²⁶ |
| June 30, 2024 | \$ 3.6 million ²⁷ |
| June 30, 2025 | \$ 5.5 million |
| June 30, 2026 | \$ 4.2 million |
| June 30, 2027 | \$ 3.7 million |
| June 30, 2028 | \$ 1.5 million |
| Total | \$ 25.7 million |

Source: Auditor analysis of pledge commitment documentation.

Recommendation

①

NCInnovation management should continue to ensure that all pledges are documented in a regular and consistent manner, such as through use of the formal pledge agreement form. Continuing with this consistent process ensures that all future pledges are documented thoroughly and are legally enforceable.

According to the Government Accountability Office, the effective documentation of procedures, such as ensuring consistency in documenting pledges, assists management in designing internal controls and is a necessary part of an effective internal control system. Internal controls provide management with confidence in achieving objectives and helps reduce risks that could affect the organization’s success.²⁸

²⁶ According to NCInnovation records, the payments for this \$7.2 million of pledges had been received as of June 30, 2023.

²⁷ According to NCInnovation records, the payments for this \$3.6 million of pledges had been received as of June 30, 2024.

²⁸ United States Government Accountability Office, Standards for Internal Control in the Federal Government, September 2014, § OV4.08 & 3.10.



NCInnovation grants were awarded to recipients in accordance with state law and NCInnovation procedures.

NCInnovation grants were awarded to recipients in accordance with state law and NCInnovation procedures. Specifically, auditors determined that NCInnovation:

- Awarded grants to projects designed to fulfill at least one of the functions required by state law.
- Awarded grants to projects that met business location requirements in accordance with state law.
- Followed its eligibility and evaluation procedures in selecting grant award recipients.

In May 2024, a majority of the NCInnovation Board of Directors approved the selected projects. NCInnovation awarded \$5.2 million in pilot grants for eight research projects at seven North Carolina Universities.

**Appalachian State
University**



**Beehive Improvement &
Monitoring System**

\$642,000

**NC A&T
University**



**Neuro Drug
Delivery System**

\$369,000

**UNC
Charlotte**



**Drinking Water
Purification**

\$401,000

**UNC
Charlotte**



**Power-Grid
Efficiency**

\$355,000

**East Carolina
University**



**Melanoma
Treatment**

\$974,000

**Western Carolina
University**



**Mosquito-Borne
Infectious Disease**

\$1,000,000

**UNC
Greensboro**



**Lithium
Purification**

\$405,000

**UNC
Wilmington**



**Multi-Year
Vaccine Development**

\$1,083,000

State Law Requirements

State law²⁹ required NCInnovation to award grants only to research projects that were designed for specific functions.³⁰ Additionally, state law required the grant recipient to maintain their headquarters and principal place of business in North Carolina and required any commercialization resulting from the grant to be organized under the laws of North Carolina.

Additionally, grant funds were only available to researchers at University of North Carolina System Institutions or at a North Carolina Community College. Private companies were not eligible to receive grant funding.

Auditors obtained the grant agreements and supporting documentation for all eight (100%) grant awards and analyzed them to determine whether the grant awards met the requirements of state law. Auditors determined that **all eight projects** met the requirements of state law.

Specifically,

- All projects were designed to provide capacity building to expand applied research.
- All projects were designed to support technology development, start-up support, and licensing assistance.
- All projects were designed to pursue intellectual property protections.
- All projects were designed to provide direct, non-dilutive funding designed to advance research and development to proof of commercial viability.
- All projects were designed to furnish additional support services after proof of commercial viability in attaining additional funding.
- All projects required the grant recipient to maintain its headquarters in North Carolina and that any commercialization resulting from the grant would be organized under the laws of North Carolina.

NCInnovation Procedures for Grant Award Selection

NCInnovation's pilot grant program consisted of a two-phase approach to evaluating projects for grant funding, including a pre-application and a full application. The initial pre-application was open to any interested party and was screened by NCInnovation's internal team³¹ to determine whether the applicant met basic eligibility requirements,³² merit, and technological readiness.

²⁹ N.C.G.S. § 143-728(d)(3)(b).

³⁰ Specifically required grants to be awarded for **at least one** of the following: (1) Provide capacity building to expand applied research federal grant scouting and provide project management and support for researchers engaged in collaborations between such institutions, (2) Support technology development, start-up support, and licensing assistance, (3) Pursue intellectual property protections, including patent prosecution, (4) Provide direct, non-dilutive funding designed to advance research and development to proof of commercial viability, or (5) Furnish additional support services after proof of commercial viability designed to assist researchers in attaining venture capital and capital formation.

³¹ The internal team included the Chief Innovation Officer, the Director of Research Partnerships, the Associate Director of University and Ecosystem Partnerships, and the four Regional Innovation Network Directors.

³² The basic eligibility requirements included being located within the state of North Carolina and associated with a North Carolina University or Community College.

Upon NCInnovation's approval, pre-applicants were invited to submit a full application to undergo NCInnovation's full review process.

For the pilot grant program, full applications were required to be comprehensively reviewed by two different review teams to assess from perspectives of industry, market fit, technological readiness, regional fit, and economic development. The two review teams consisted of a Core Reviewer team³³ and a Market Validation team.³⁴

The Core Reviewer team was required to evaluate applications and assign a numerical score in the following categories:

- Significance and potential impact of the project if it is successful.
- Approach, milestones, and deliverables of the project.
- Team qualifications and expertise and project environment, infrastructure, and support.
- Competitive landscape and the project's differentiation from other alternatives on the market.
- Commercialization potential and benefit to the region's economic development.
- The size of the budget request in relation to the project scope and anticipated uses of grant funds.
- Technological, regulatory, intellectual property, market, funding, and scale-up risks.

The Market Validation team was similarly required to evaluate the applications, but from the perspective of technological validation and market fit.

Following review of the independent review teams, NCInnovation management and the two review teams selected two projects from each North Carolina region³⁵ to submit to the NCInnovation Board of Directors for final approval for award. According to NCInnovation management, two projects were chosen from each region to ensure that funding was not concentrated in one particular area of the state.

Auditors obtained and reviewed supporting documentation for all pre-applications and full applications that were submitted to NCInnovation for grant funding to determine whether NCInnovation complied with its procedures in its selection of the eight pilot grant awards.

Auditors determined that NCInnovation followed its procedures in selecting the eight pilot grant awards. Specifically,

- From the 28 pre-applications that were submitted, auditors determined that NCInnovation staff reviewed each pre-application and documented the strengths,

³³ The Core Reviewer team for each project was led by a Core Reviewer Panel Chair and consisted of 6-8 reviewers with backgrounds in early-stage startups, advancing applied and translational university research projects, commercialization of university technologies, and experience in evaluating companies and projects for funding.

³⁴ The Market Validation Team was an external contractor hired by NCInnovation and reviewed projects from the perspective of technological readiness and market fit.

³⁵ NCInnovation defined these regions as Western North Carolina, Eastern North Carolina, Charlotte, and the Piedmont.

weaknesses, and notable challenges for each project. From the initial group of 28 pre-applicants, NCInnovation management selected 19 projects to submit a full application for additional review.

- Auditors determined that all 19 projects that submitted a full application were reviewed by the Core Reviewer Team and Market Validation Team. The two teams used a scoring rubric that was designed by NCInnovation management and evaluated the applications based on (1) significance and potential impact, (2) approach, milestones, deliverables, and challenges, (3) team and environment, (4) competitive advantage, (5) commercialization potential and regional benefit, (6) use of funds, and (7) risk.

NCInnovation management used the scores, and feedback developed by the review teams to inform their decision in selecting eight projects to recommend to the Board of Directors for funding.

Auditors noted that NCInnovation management did not always select the highest-scored projects for presentation to the Board. According to NCInnovation management, the scoring process was meant to be informative to management, rather than the final decision-making factor. Management reported that it wanted to consider other factors such as the geographic location of the projects to ensure that funding was not concentrated in one particular area of the state and diversity in the project type.

- Auditors confirmed that all eight selected projects were approved for funding by a majority vote of the NCInnovation Board of Directors.

On May 15, 2024, a majority of the NCInnovation Board of Directors voted to approve the eight projects selected and presented by NCInnovation management for funding, subject to completion of the required legislative requirements. However, auditors noted that the projects which were not selected by NCInnovation management were not presented or explained to the Board prior to the approval of the eight selected projects.

Subsequent Establishment of the Board's Program Committee

During our audit fieldwork, but following the end of our audit scope period,³⁶ the NCInnovation Board of Directors established a Program Committee. According to the Program Committee's charter, it was established to support the Board by considering and taking action to approve prioritized funding recommendations for grant applications and developing policies, goals, and objectives related to NCInnovation's grant activities.

Recommendations

- ② NCInnovation management should leverage their experience conducting the pilot grant program during future grant award activities and should formally document policies and procedures that will be followed during future grant award activities.

According to the Government Accountability Office, the effective documentation of procedures assists management in designing internal controls and is a necessary part of an effective internal control system. Internal controls provide management

³⁶ Our audit scope period was through June 30, 2024.

with confidence in achieving objectives and helps reduce risks that could affect the organization's success.³⁷

3

NCInnovation management should continue working with the Program Committee of the Board of Directors, including providing details of projects not recommended for funding in the future to strengthen transparency, communication, and oversight of future grant awards.

According to the Government Accountability Office, the Board is responsible for overseeing the organization's operations, providing constructive criticism to management, and where appropriate, makes oversight decisions.³⁸

Additionally, the Board of Directors is made up of individuals appointed by North Carolina Legislative leaders, who are held accountable by the general public. Providing the full scope of considerations and reasoning for the decision to award funds to certain projects but not others strengthens transparency, communication, and oversight of the expenditure of public dollars.

In addition to ensuring that the Board of Directors is fully informed, NCInnovation management should continue to provide regular programmatic and budget updates to the North Carolina General Assembly.

³⁷ United States Government Accountability Office, Standards for Internal Control in the Federal Government, September 2014, § OV4.08 & 3.10.

³⁸ United States Government Accountability Office, Standards for Internal Control in the Federal Government, September 2014, § 2.03



NCInnovation ensured that grant recipients had methods to measure results.

NCInnovation ensured that all eight (100%) recipients³⁹ that were awarded grants as part of its pilot grant program had a method to measure whether results were achieved.⁴⁰

Best practices identified by the Government Accountability Office (GAO) recommend that management determine whether legislatively intended results were achieved. The GAO states:



Legislators, oversight bodies, those charged with governance, and the public need to know whether... government programs are achieving their objectives and desired outcomes...⁴¹

Management determines whether performance measures for the defined objectives are appropriate for evaluating the entity's performance in achieving those objectives.⁴²

Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made, and appropriate actions taken.⁴³

NCInnovation Ensured Grant Recipients had Methods to Measure Results of Grant Awards

In May 2024, NCInnovation approved \$5.2 million in pilot grants for eight research projects at seven North Carolina public universities. NCInnovation ensured that all eight recipients⁴⁴ had a method to measure whether results were achieved.⁴⁵

Auditors obtained and analyzed the grant funding agreements for all eight pilot program projects and determined that all eight (100%) contained methods to measure whether results were achieved. Specifically,

- All eight (100%) contained clear objectives for use of the grant funds.
- All eight (100%) provided NCInnovation management with a method to measure progress towards meeting those objectives.

³⁹ NCInnovation entered into grant agreements with eight researchers at seven different North Carolina universities.

⁴⁰ As of the date of our audit procedures, no funding had been transferred to or utilized by any of the grant recipients. Therefore, auditors did not determine whether results were being measured. Instead, auditors determined that NCInnovation ensured that grant recipients had methods to measure whether results were achieved.

⁴¹ United States Government Accountability Office, *Government Auditing Standards*, July 2018, § 1.03.

⁴² United States Government Accountability Office, *Standards for Internal Control in the Federal Government*, September 2014, § 6.07.

⁴³ United States Government Accountability Office, *Standards for Internal Control in the Federal Government*, September 2014, § 10.03.

⁴⁴ NCInnovation entered into grant agreements with eight researchers at seven different North Carolina universities.

⁴⁵ As of the date of our audit procedures, no funding had been transferred to or utilized by any of the grant recipients. Therefore, auditors did not determine whether results were being measured. Instead, auditors determined that NCInnovation ensured that grant recipients had methods to measure whether results were achieved.

- All eight (100%) included specific timelines and milestones for meeting those objectives.

For example,

- A project from Western Carolina University received grant funding to translate existing research into licensable products that provide methods for rapid mosquito identification and risk assessment.

The grant agreement for the project identified a clear objective of developing three specific deliverables that would be achieved with the grant funding from NCInnovation. The deliverables included:



- Robust commercial libraries of mosquitoes and infection/age as risk assessment variables.
 - Products for evaluating disease risk based on a single instrument and multiple epidemiologically important variables.
 - Demonstration of usefulness in areas with endemic mosquito-borne diseases.
- A project from Appalachian State University received grant funding to develop tools and applications for a stand-alone honeybee monitoring system.



The grant agreement for the project included periodic reporting requirements and included methods for NCInnovation management to measure progress towards meeting the project's objectives.

Specifically, the grant agreement stated that NCInnovation management and the grant recipient's university will conduct a formal review process at the one-year mark to determine if project milestones (such as the development of project prototypes, recruitment of industry partners, etc.) had been met as indicated in the project proposal. In addition to measurement against the project's milestones, NCInnovation management will also review details on the planned and actual project expenditures.

According to the grant agreement, the grantee must undergo the formal review process before being provided with any additional funding and, according to NCInnovation management, projects that do not meet their milestones or will not be able to do so will not receive any additional funding.

- A project from the University of North Carolina at Charlotte received grant funding to scale, harden, and validate the Grid Ancillary services with Uninterruptible Power Supply technology.

The grant agreement for the project established a timeline for the project to reach four different milestones (such as the selection and procurement of equipment, demonstration of the technology in a real-world setting, etc.) with each milestone serving as a prerequisite to receive the full amount of grant funds awarded by NCInnovation.





Matters for Further Consideration

During an audit, the Office of the State Auditor staff may identify potential items of interest that are outside of the audit objectives. Below are three such items.

1. Independent Investment Manager Selection Process

During this engagement, questions arose surrounding the selection of NCInnovation's investment manager. Below is an account of how the selection process occurred.

State law⁴⁶ required NCInnovation to contract with an independent investment manager to manage and invest its \$500 million endowment for the purpose of generating investment income. The law also specified that the overall fee for the investment manager could not exceed 15 basis points⁴⁷ and that the investment manager must disclose certain potential conflicts of interest⁴⁸ to NCInnovation.

According to state law, the investment manager's fee is an administrative and overhead cost to NCInnovation. State law specifies that NCInnovation's administrative and overhead costs cannot be paid from state funds.⁴⁹

Selection of Investment Manager

In April 2024, NCInnovation contracted with Clearview Fiduciary Alliance (Clearview) to advise on the investment advisor selection process.⁵⁰ According to NCInnovation records, 17 investment manager firms initially responded to the Request for Proposals (RFP). The NCInnovation Investment Committee conducted a blind selection process⁵¹ and narrowed the group of 17 down to 11.

Those 11 firms were sent a Supplemental Request for Information (SRFI) by Clearview, which resulted in responses from eight firms. The eight firms were evaluated and scored by Clearview based on selection criteria. Four firms were then selected as finalist candidates and were then evaluated and scored by Clearview based on final selection criteria. That criteria consisted of the following attributes and were weighted by importance, based on Clearview's advice:

- Portfolio implementation approach (20%).
- Experience with comparable clients (15%).
- Advisor size and resources available (15%).

⁴⁶ N.C.G.S. §143-728(d)(4).

⁴⁷ 15 basis points is equivalent to 0.15%. 15 basis points of the \$500 million endowment is \$750,000.

⁴⁸ Specifically, the law requires that the contract with the investment manager must require disclosure to NCInnovation any interest that it or an owner, stockholder, partner, officer, director, member, employee, or agent of the investment manager has in a recipient of investment income from NCInnovation to the extent the investment manager is aware of such recipients.

⁴⁹ Prior to receiving the full amount of the endowment, NCInnovation was required to obtain pledges from private donors totaling \$25 million to be used for administrative and overhead costs. See Finding 1 for additional information.

⁵⁰ The contract specified that Clearview would provide guidance and support in developing an initial Investment Policy Statement, finalize and prioritize preferred qualifications and evaluation/selection criteria, review and score investment manager submissions, participate in interviews with investment manager firms, provide expert feedback, and support NCInnovation management and the Investment Committee in making a final recommendation to the Board of Directors.

⁵¹ According to Board records, the selection process consisted of an assessment of blind data summaries with thresholds for assets under management, advisory fees, and team location.

- Investment performance for comparable clients (30%).
- Service capabilities (10%).
- Investment fees (10%).

In December 2024, NCInnovation's Investment Committee recommended Wells Fargo & Company (Wells Fargo) as NCInnovation's investment manager. According to Committee records, the Wells Fargo team demonstrated the necessary experience and expertise to manage NCInnovation's investments, had sufficient experience with comparable clients, showed competitive investment returns, demonstrated a commitment of significant resources to serving philanthropic clients, and had competitive client-supporting capabilities.

According to Investment Committee records, Wells Fargo's proposed advisory fee⁵² was seven basis points for the initial implementation of a conservative portfolio and 10 basis points for its longer-term services (are inclusive of all fees).⁵³ Additionally, the rate of annual return is expected to range between 3% and 7%.

During the January 2025 board meeting, a majority of the NCInnovation Board of Directors voted to select the Investment Committee's recommended Wells Fargo to manage the endowment.

As of the date of our audit procedures, the NCInnovation Board of Directors and Investment Committee had not finalized NCInnovation's Investment Policy Statement or finalized investment asset allocation, portfolio return targets, or relative benchmarks. Therefore, an exact projected annualized return is not yet available.

Consideration of Potential Conflicts of Interest

As previously stated, state law⁵⁴ required NCInnovation's investment manager to disclose certain potential conflicts of interest⁵⁵ to NCInnovation.

Determining whether conflicts of interest existed regarding the selection of Wells Fargo as the investment manager were not included in this audit's procedures and auditors did not identify any conflicts of interest. However, regarding the selection, the following facts came to our attention during the audit:

Wells Fargo Pledge

Auditors noted that in May 2022, Wells Fargo pledged to donate \$2 million to NCInnovation to be paid over five years in support of NCInnovation's programs.⁵⁶ Auditors confirmed that the pledge agreement did not contain any provisions, agreements, or conditions related to

⁵² According to Investment Committee records, the initial fee was matched by only one other firm and the longer-term fee was competitive with other respondents and within the requirements of state law.

⁵³ N.C.G.S. §143-728(d)(4) requires that annual compensation for NCInnovation's investment manager (including any management fee) not to exceed 15 basis points.

⁵⁴ N.C.G.S. § 143-728(d)(4).

⁵⁵ Specifically, the law requires that the contract with the investment manager must require disclosure to NCInnovation any interest that it or an owner, stockholder, partner, officer, director, member, employee, or agent of the investment manager has in a recipient of investment income from NCInnovation to the extent the investment manager is aware of such recipients.

⁵⁶ The \$2 million pledge from Wells Fargo counted towards the requirement of NCInnovation to raise \$25 million in private funding commitments. See Finding 1 for additional information.

NCInnovation's investment manager selection process. Additionally, auditors noted that the pledge was made more than a year before N.C.G.S. §143-728⁵⁷ was enacted.

Board Member's Prior Association with Wells Fargo

Auditors noted that the chair of NCInnovation's Investment Committee, who presided over the investment manager selection process, was a former regional president for Wells Fargo.⁵⁸ During NCInnovation's Board of Directors final vote on selection of an investment manager, questions surrounding the appearance of conflicts of interest or unfair evaluations were discussed.

However, auditors noted that, according to Board records, the Investment Committee chair recused himself from the final vote of the Board in selecting NCInnovation's investment manager. Notwithstanding the member's recusal, Wells Fargo was approved by a majority of the Board.

Additionally, according to NCInnovation management, Clearview and NCInnovation implemented multiple safeguards to mitigate potential conflicts of interest. Specifically:

- Board members provided voluntary disclosures of potential conflicts of interest based on the initial list of respondents to the RFP.
- Clearview implemented a blinded process for the initial screening of respondents.
- NCInnovation engaged outside counsel to develop guidelines to address conflicts of interest.
- Multiple Board members recused from participating in aspects of the selection process when there was a potential conflict.
- Outside counsel confirmed that, as an unconditional donor, there was no issue with Wells Fargo providing services to NCInnovation.

Consideration:

- ① NCInnovation management should continue to be conscious of potential conflicts of interest.

⁵⁷ Specifically, the section of the law that required NCInnovation to contract with an independent investment manager.

⁵⁸ According to NCInnovation management, the chair of the investment committee retired from Wells Fargo in 2015.

2. NCInnovation's GAAP Compliance Certification

Two different, independent CPA firms have confirmed that NCInnovation's records and accounts are maintained in accordance with generally accepted accounting principles (GAAP) and that NCInnovation is in compliance with the relevant requirements of state law.⁵⁹

Notwithstanding those confirmations, during our audit, questions arose surrounding NCInnovation's certification to the North Carolina Department of Commerce (Commerce) that it was in compliance with N.C.G.S. §143-728(d) prior to receiving the first \$250 million tranche of the endowment.

In order to receive the endowment, state law⁶⁰ required NCInnovation to meet certain requirements. Related to accounting practices, the law provided:

- (d) Requirements. – In order to receive the endowment and retain State funds, all of the following requirements must be met:
 - (9) NCInnovation shall maintain separate accounting records for and separate accounts for State funds and excluded amounts and shall not commingle State funds and excluded amounts. NCInnovation shall maintain records and accounts according to generally accepted accounting principles.

According to a compliance certificate filed with Commerce, on December 7, 2023, the President and CEO of NCInnovation certified that NCInnovation was in compliance with the requirements of the law. This certification was made for Commerce to be able to provide its own certification to the State Controller and to be able to allocate the first tranche of the endowment to NCInnovation.

According to NCInnovation management, following activities⁶¹ to transition its accounting practices to compliance with GAAP, NCInnovation's certification was its affirmation that it had made the necessary and appropriate preparations to do so.

Auditors obtained and reviewed NCInnovation's compliance certificate to Commerce and confirmed that it stated the following, pertaining to compliance with GAAP:

2. Specifically, as of the date hereof:

- g. [NCInnovation] has made the necessary and appropriate preparations to . . .
 - (III) maintain records and accounts of the Corporation in accordance with generally accepted accounting principles, . . . as set forth in Section 143-728(d)(9) of the [law].

Subsequent to NCInnovation's certification, concerns were raised by a General Assembly staff member regarding the certification. In response to those concerns, Commerce did not immediately distribute the funds to NCInnovation.

⁵⁹ N.C.G.S. §143-728(d)(9) required NCInnovation to maintain its records and accounts in compliance with GAAP.

⁶⁰ N.C.G.S. §143-728(d)(9).

⁶¹ According to NCInnovation Board records, these activities included notification from NCInnovation management to the Board regarding the implications of moving from cash to GAAP accounting, engaging an independent CPA firm to provide consulting for accounting services, and engaging the CPA firm to conduct a formal review of NCInnovation's financials.

On January 11, 2024, NCInnovation's CPA firm provided a letter to Commerce that affirmed NCInnovation's books and records were indeed in compliance with GAAP. On January 25, 2024, NCInnovation received the first \$250 million tranche of the endowment.

Considering the fact that the NCInnovation affirmed that it had made the necessary and appropriate preparations to comply with GAAP, and the fact that two different, independent CPA firms have concluded that NCInnovation is indeed in compliance, determining whether NCInnovation was in compliance with GAAP was not included in the scope of OSA's audit objectives. Accordingly, we made no such determination.

Consideration:

- ② NCInnovation management should continue to be cognizant of the requirement to maintain its records and accounts in compliance with GAAP, as required by state law.

3. NCInnovation’s Lobbying Expenses

During this engagement, questions arose surrounding NCInnovation’s lobbying expenses. Below are the requirements surrounding limiting lobbying expenses as well as the amount of lobbying expenses reported by NCInnovation during fiscal years (FY) 2023 and 2024.

State law⁶² required NCInnovation to comply with limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code (IRC).⁶³ The IRC provides that any 501(c)(3) organization is generally subject to a lobbying ceiling amount⁶⁴ in each taxable year. According to NCInnovation management, all lobbying expenses were paid from private funds.

Determination of NCInnovation’s compliance with this section of the law regarding lobbying expenses was not included in our audit objectives and we made no such determination. However, given the importance of adherence to the limitation on lobbying expenses, we are presenting NCInnovation’s lobbying expenses for FYs 2023 and 2024 and providing the following consideration to NCInnovation management:

NCInnovation Lobbying Expenses

| | |
|--------------|-------------------|
| FY 2023 | \$ 227,268 |
| FY 2024 | \$ 443,612 |
| Total | \$ 670,880 |

Consideration:

- 3 NCInnovation management should continue to monitor closely of the limitation on lobbying expenses set forth in the Internal Revenue Code, as required by state law.

⁶² N.C.G.S. §143-728(d)(1)(b).

⁶³ 26 U.S.C. §501(h)(1).

⁶⁴ The amount of the lobbying ceiling is determined by requirements outlined in 26 U.S.C. §501(h)(2)(B).



Objectives, Scope, and Methodology

The objectives of this performance audit were to determine whether NCInnovation:



Documented private funding commitments in accordance with state law as of June 30, 2024.



Awarded grants to recipients in accordance with state law and NCInnovation procedures for the period July 1, 2023, through June 30, 2024.



Ensured programs that received grant funds had methods to measure whether they were achieving their intended results for the period July 1, 2023, through June 30, 2024.

Our audit objectives included only the items expressly stated above. Our audit objectives **did not include:**

- Determining whether pledges were accounted for in accordance with Generally Accepted Accounting Principles (GAAP).⁶⁵ However, see Matter for Further Consideration 2 on page 17.
- Determining whether projects selected by NCInnovation in the pilot grant program were the best projects to receive funding, scientifically and financially reasonable, or otherwise most deserving of selection.

To accomplish the audit objectives, auditors:

- Reviewed relevant laws and regulations.
- Reviewed NCInnovation policies and procedures.
- Interviewed NCInnovation management, staff, and other stakeholders.
- Obtained documentation for all 29 (100%) private funding commitments (pledges), totaling \$25.7 million, received prior to June 30, 2024. Auditors analyzed the documentation to determine whether the pledge was made in writing, was due to be paid within the timeframes prescribed by state law, and was to be made in cash.
- Obtained documentation for all 28 (100%) grant applications submitted as a part of the pilot grant program. Auditors reviewed the applications and supporting documentation to determine whether the grants selected for funding by NCInnovation were designed to fulfill the functions required by state law, met business location requirements, were

⁶⁵ State law (N.C.G.S § 143-728(d)(9)) required NCInnovation to maintain its records and accounts (including pledges) in accordance with GAAP. Prior to this audit, NCInnovation engaged an independent certified public accounting firm (CPA Firm) to review the organization's schedule of pledges as of May 31, 2024. The CPA Firm conducted an agreed-upon-procedures engagement and did not identify any exceptions related to the schedule's mathematical accuracy, documentary support for each pledge, and documentation of the satisfaction of donor-imposed conditions. Additionally, in November 2024, the CPA Firm also concluded an audit of NCInnovation's financial statements and opined that the financial statements presented fairly, in all material respects, the financial position of NCInnovation.

selected based on NCInnovation's eligibility and evaluation procedures, and were approved by the NCInnovation Board of Directors.

- Obtained the grant agreements for all eight (100%) projects that were selected to receive funding as a part of the pilot grant program. Auditors reviewed the grant funding agreements to determine whether NCInnovation ensured that grant recipients had methods to measure results.

Because of the test nature and other inherent limitations of an audit, together with limitations of any system of internal and management controls, this audit would not necessarily disclose all performance weaknesses or lack of compliance.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives. As a basis for evaluating internal control, auditors applied the internal control guidance contained in professional auditing standards. However, our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Appendix

Appendix A

Schedule of Pledges Received through June 30, 2024

State law⁶⁶ required NCInnovation to obtain written pledges totaling at least \$25 million. NCInnovation received 29 pledges totaling \$25.7 million⁶⁷ during the period October 2020 through April 2024.

Donor Name

Ally Financial Inc.
 Bank of America
 Barnhill Family Foundation
 Blue Cross and Blue Shield of
 NC
 Capitol Broadcasting Company
 Curi
 Duke Energy Carolinas LLC
 Duke Energy Foundation
 Fifth Third Bank
 First Citizens
 First Horizons Corporation
 Flow Companies
 Flow Foundation
 Huntington Foundation
 JPMorganChase
 Lee-Moore Capital Company
 Live Oak Bank
 Martin Marietta
 Pinnacle Financial Partners
 RTI International
 SAS Institute
 TowneBank Foundation
 Truist
 U.S. Bank
 Ven Poole Family
 Wells Fargo & Company

Total Donated \$25,650,000

⁶⁶ S.L. 2023-134 § 2.2.(k)(2)d.

⁶⁷ From 26 donors. Three donors made two separate pledges.



Response From NCInnovation, Inc.



13 March 2025

The Honorable David Boliek
Auditor for the State of North Carolina
325 N. Salisbury Street
Raleigh, NC 27603

RE: Performance Audit of NCInnovation, Inc.

VIA EMAIL dave.boliek@ncauditor.gov

Auditor Boliek:

On behalf of the NCInnovation (“NCI” or “the Company”) Executive Leadership Team, I write in response to the draft report from the performance audit initiated by the Office of the State Auditor (OSA) in August 2024.

In sum, **NCInnovation leadership concurs with the findings related to the three (3) stated core objectives for the performance audit.** We believe the report correctly reflects the good work the Company has undertaken to enact the provisions of NCGS § 143-728, and particularly regarding the requirements surrounding private contributions and the award and performance management of NCI’s pilot grants.

We also appreciate OSA’s attention to the Matters for Further Consideration. NCInnovation has been the target of a significant misinformation campaign by some media outlets, and **we concur with OSA’s findings affirming the process by which the organization’s Board selected an independent investment manager; how NCI certified its compliance with the requirements to receive State funding; and how NCI properly documented its lobbying expenses as affirmed by two independent accounting firms.**

Over the preceding fourteen months, NCInnovation has:

- Established four initial regional hubs, and since announced expansions to seven locations corresponding to the state’s Economic Prosperity Zones, aligning NCI personnel with others focused on regional economic development;
- Awarded \$5.2 million in pilot grants to eight UNC system researchers, with almost 30% of that support going to research institutions in Western North Carolina;
- Received 158 requests totaling approximately \$90 million in grant support for existing proofs of concept from UNC System institutions (representing participation from 15 of 16 campuses);
- Grown the endowment to nearly \$515 million *after returning more than \$4 million to UNC system research institutions*;
- Achieved a successful financial review and full financial audit from two independent accounting firms;
- Filed all required reports and notices with the General Assembly, to include nearly three hours of voluntary testimony before House Select Committee on Oversight and Reform; and

NCINNOVATION, INC.

Letter to the Honorable David Boliek

13 March 2025

Page 2 of 2

- Funded all administrative and overhead expenses with private contributions, ensuring state funds are directly reinvested into supporting regional research institutions across North Carolina.

These accomplishments speak directly to NCInnovation's measurable success in implementing NCGS § 143-728, and to the importance of the organization's work to create regional economic development in rural parts of North Carolina. NCInnovation takes very seriously its responsibility to support of regional economic development through commercializing UNC System applied research in accordance with state law. We are proud of our work to-date, and we will not waiver in ensuring the interest and income from the investment of state funds are used in the manner for which they were appropriated, and under the taxpayer protections contemplated by law.

With regard to the three (3) Recommendations in the draft report, and as your team noted during the audit, NCInnovation has already implemented measures responsive to each Recommendations. The Executive Leadership Team commits to continuing those efforts and ensuring NCInnovation remains fully compliant with its duties, responsibilities, and reporting obligations. In similar fashion, we acknowledge the Considerations in the three MFCs and will remain vigilant in each matter.

In closing, NCInnovation management looks forward to ongoing transparency and cooperation with your Office and appreciate your work on behalf of taxpayers.

With best regards I am

Sincerely yours,



J. Bennet Waters

President & Chief Executive Officer

Ordering Information

Copies of this report may be obtained by contacting:

Office of the State Auditor
State of North Carolina
20601 Mail Service Center
Raleigh, North Carolina 27699

Telephone: 919-807-7500
Facsimile: 919-807-7647
Internet: <https://www.auditor.nc.gov>



To report alleged incidents of fraud, waste or abuse in state government contact the Office of the State Auditor Tipline:

Telephone: 1-800-730-8477

Internet: <https://www.auditor.nc.gov/about-us/state-auditors-tipline>

For additional information contact the North Carolina Office of the State Auditor at:
919-807-7666



This audit required 1,438.5 hours of auditor effort at an approximate cost of \$222,968.