

Cash

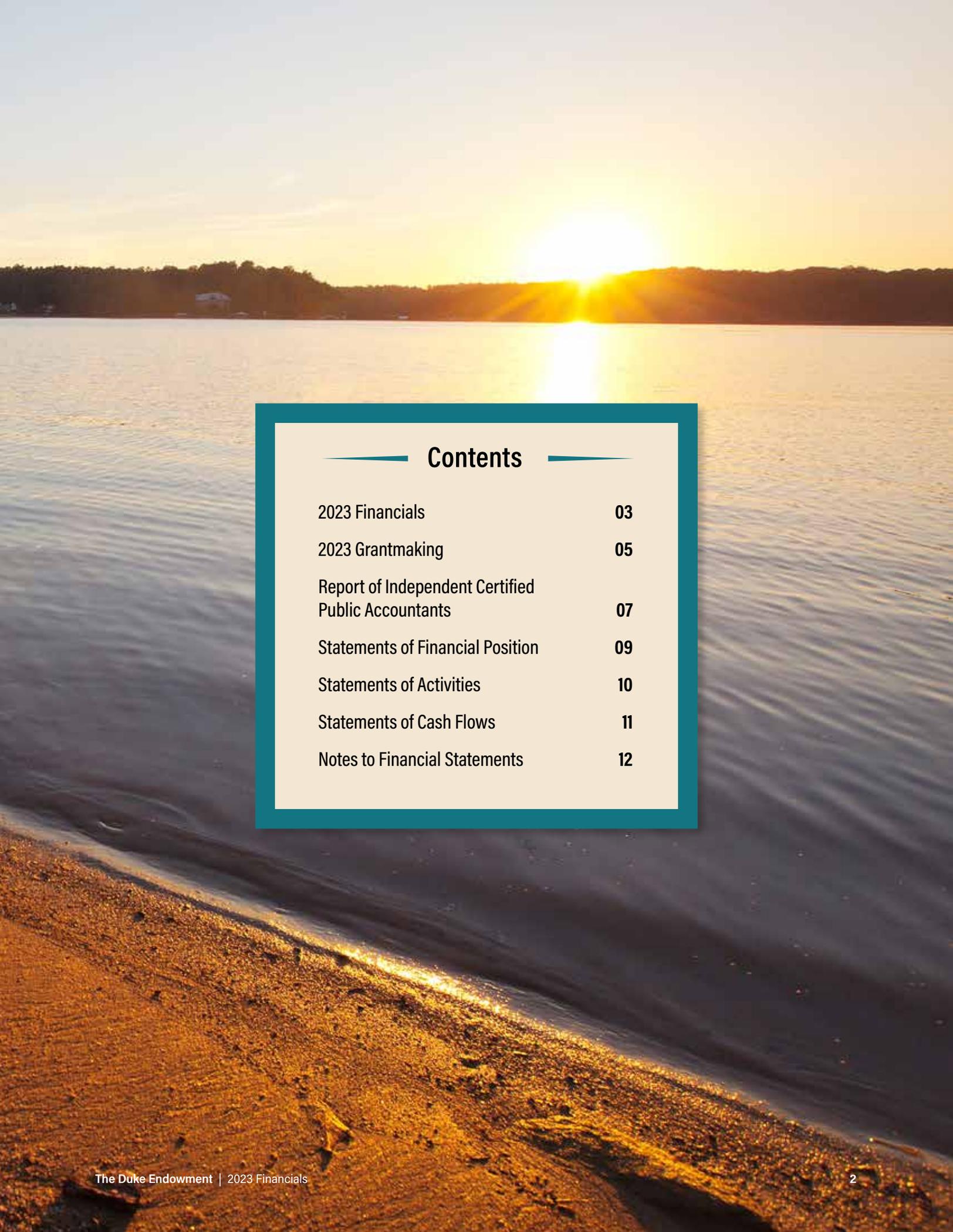
1926

Dec 1	Balance	
	<u>Bond Interest</u>	250
	Cleveland Ohio	2 1/2/20 H
		50 H
		11 H
		50 H
11	<u>Bond</u>	250
	Inter	and
	receiv	H H
	bonds transferred to this Trust Oct 20, 1926,	
	now paid by Estate of James B. Duke	
31	<u>Interest</u>	256
	Interest on balances for December	
	with Guaranty Trust Co.	
	<u>Total Receipts</u>	270

2023 ANNUAL REPORT

# Financials

**100** *James B. Duke*  
YEARS  
THE DUKE ENDOWMENT  
COMMITTED TO THE CAROLINAS



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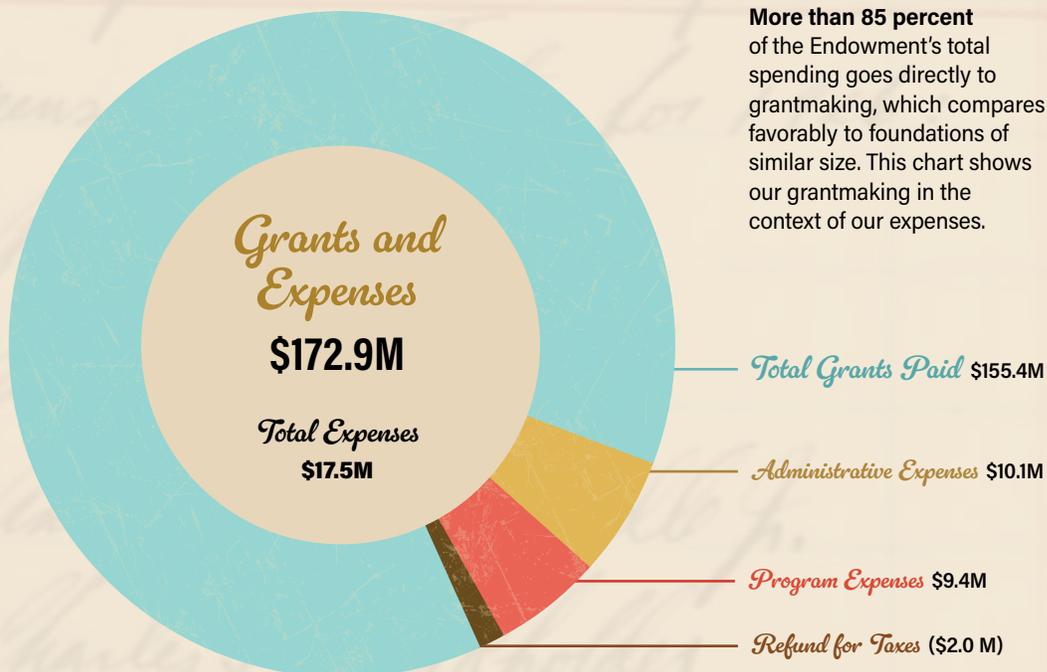
# 2023 Financials

## \$4.8 billion since 1925

*to communities across the Carolinas*



Since James B. Duke's death in 1925, the assets of The Duke Endowment have achieved significant growth, from \$107 million to \$4.9 billion. During the same time, approximately \$4.8 billion has been distributed in grants.



# 2023 Financials



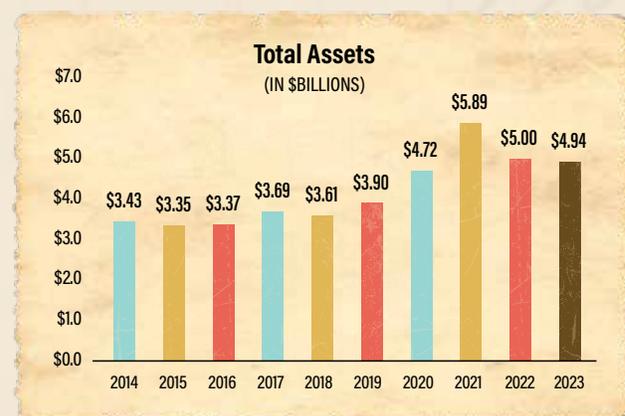
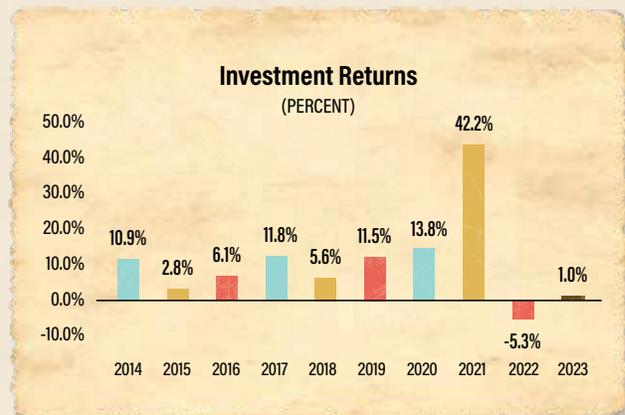
## Investments

Since July 2007, The Duke Endowment's investment portfolio has been managed by DUMAC Inc., a professionally staffed investment organization in Durham, N.C., governed by Duke University.

During 2023, the investment return on the Endowment's portfolio was 1.0 percent.\* Investment gains in public markets such as equities and fixed income were mostly offset by losses in private markets such as private equity and venture capital. The Endowment's investment portfolio decreased in value from \$4.93 billion to \$4.88 billion from December 31, 2022, to December 31, 2023, impacted by investment returns, grants and expenses. The Endowment's total assets were \$4.94 billion at year end.

For the 10-year period ending December 31, 2023, the Endowment's investment portfolio, net of fees, returned 9.4 percent annualized, outperforming its policy benchmark, which returned 5.6 percent annualized, and a 70 percent MSCI All Country World Index/30 percent Bloomberg Barclays U.S. Aggregate Bond Index benchmark, which returned 6.3 percent annualized over the same period.

\*Investment return is based on pre-audit investment valuations.



# 2023 Grantmaking

**\$155.4 million was distributed  
through 355 grants**

*in communities across the Carolinas*



The Duke Endowment approved \$209.8 million in new grants, some of which will be paid in future years. More than \$155.4 million was distributed through 355 grants, some of which were approved in previous years.

## A GROWING INVESTMENT

*in Community*

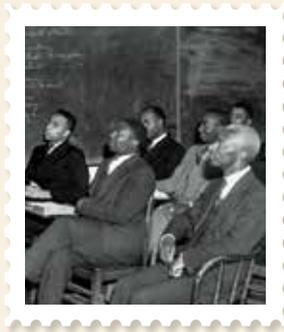
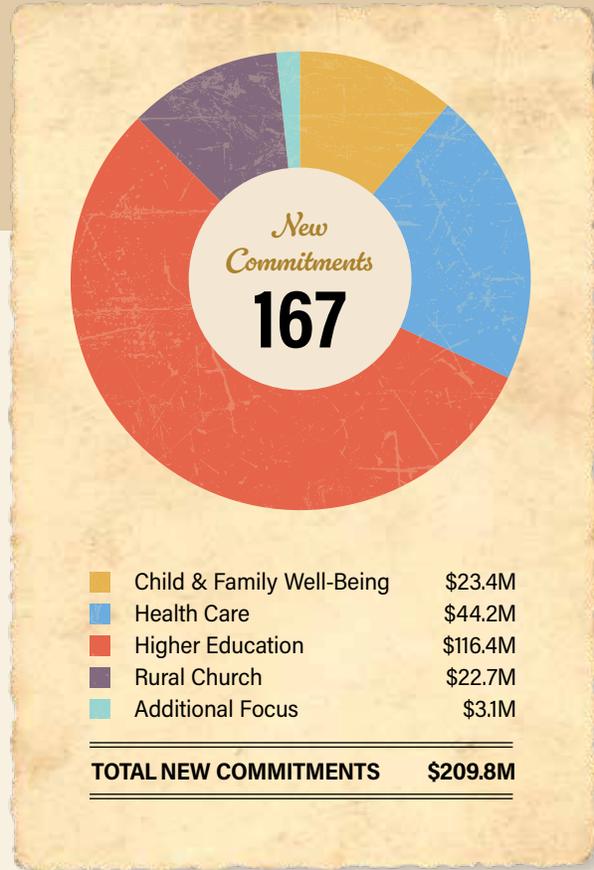
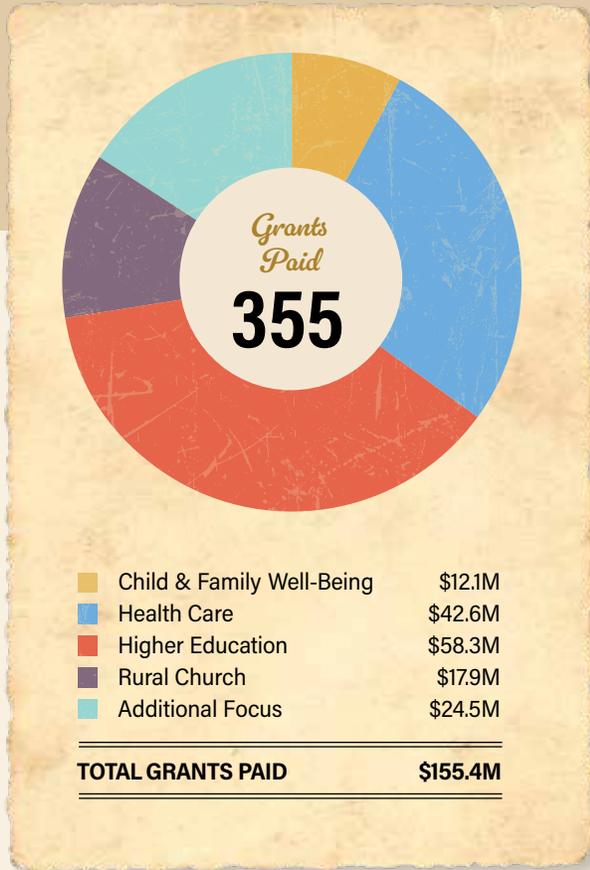
**\$4.9B**

The Endowment's assets have grown from \$107 million in 1925 to \$4.9 billion today.

**\$11.6B**

Since its founding, the Endowment has awarded approximately \$4.8 billion in grants — \$11.6 billion in today's dollars.

# 2023 Grantmaking



# Report of Independent Certified Public Accountants

## *Board of Trustees*

### **The Duke Endowment**

#### **Opinion**

We have audited the financial statements of The Duke Endowment (the "Endowment"), which comprise the statement of financial position as of December 31, 2023, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Endowment as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for opinion**

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Endowment and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of matter**

We draw attention to Note 6 to the financial statements, which describes private equity investments valued at \$1,782,236,998, or 36.8% of net assets, as of December 31, 2023. The fair values of such investments have been estimated by management in the absence of readily determinable fair market values. Management's estimates are based on information provided by the fund managers or the general partners of the private equity investments. Our opinion is not modified with respect to this matter.

#### **Report on 2022 summarized comparative information**

We have previously audited the Endowment's financial statements as of and for the year ended December 31, 2022 (not presented herein). We expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2023. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

# Report of Independent Certified Public Accountants Continued

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Endowment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

Charlotte, North Carolina  
May 20, 2024

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# Statements of Financial Position

DECEMBER 31, 2023

(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

ASSETS	2023	2022
Cash and cash equivalents	\$ 15,275,296	\$ 27,618,907
Securities transactions receivable	9,633,668	5,726,219
Investments, at estimated market value	4,883,815,923	4,932,745,333
Land, building, furniture and equipment, net	33,571,697	34,672,381
Other assets	1,818,413	1,657,108
<b>TOTAL ASSETS</b>	<b>\$ 4,944,114,997</b>	<b>\$ 5,002,419,948</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Grants payable	\$ 43,750,723	\$ 19,826,007
Net deferred excise tax liability	20,031,582	19,222,306
Securities transactions payable	4,835,640	5,513,307
Notes payable	26,925,110	28,353,015
Other liabilities	21,183,260	25,669,371
<b>TOTAL LIABILITIES</b>	<b>\$ 116,726,315</b>	<b>\$ 98,584,006</b>
Net assets:		
Without donor restriction	\$ 3,658,170	\$ 9,773,538
With donor restrictions		
Purpose restrictions	4,564,049,434	4,634,381,326
Restricted in perpetuity	259,681,078	259,681,078
<b>TOTAL NET ASSETS</b>	<b>\$ 4,827,388,682</b>	<b>\$ 4,903,835,942</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,944,114,997</b>	<b>\$ 5,002,419,948</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

# Statements of Activities

FOR THE PERIOD ENDED DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

REVENUE (LOSS)	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	
			2023	2022
Dividends and interest income, net	\$ 101,225,473	\$ —	\$ 101,225,473	\$ 39,071,038
Contributions received	—	—	—	17,077,800
Net realized gain on investment transactions	—	28,357,103	28,357,103	427,808,122
Gain on unrestricted assets	—	—	—	374,296
Increase (decrease) in net unrealized appreciation on assets	—	57,412,020	57,412,020	(1,116,026,056)
<b>TOTAL REVENUE</b>	<b>\$ 101,225,473</b>	<b>\$ 85,769,123</b>	<b>\$ 186,994,596</b>	<b>\$ (631,694,800)</b>
<b>EXPENSES</b>				
Administrative	\$ 13,281,727	\$ —	\$ 13,281,727	\$ 11,705,293
Program (Grantmaking)	11,473,009	—	11,473,009	8,913,892
(Refund) provision for taxes	(2,029,080)	—	(2,029,080)	5,369,684
(Decrease) increase in pension benefit obligation	(5,228,344)	—	(5,228,344)	3,387,423
<b>TOTAL EXPENSES</b>	<b>\$ 17,497,312</b>	<b>\$ —</b>	<b>\$ 17,497,312</b>	<b>\$ 29,376,292</b>
<b>RELEASED FROM RESTRICTIONS</b>	<b>\$ 156,101,015</b>	<b>\$ (156,101,015)</b>	<b>—</b>	<b>—</b>
<b>GRANTS APPROVED</b>				
Education	\$ 73,571,200	\$ —	\$ 73,571,200	\$ 71,428,100
Health Care	50,262,575	—	50,262,575	48,273,099
Child Care	14,818,894	—	14,818,894	17,978,556
Rural Church	17,846,066	—	17,846,066	18,185,200
Administrative Grants	268,397	—	268,397	238,774
Special Opportunities	27,534,412	—	27,534,412	16,387,308
Centennial	61,643,000	—	61,643,000	14,300,000
<b>TOTAL GRANTS APPROVED</b>	<b>\$ 245,944,544</b>	<b>—</b>	<b>\$ 245,944,544</b>	<b>\$ 186,791,037</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (6,115,368)</b>	<b>\$ (70,331,892)</b>	<b>\$ (76,447,260)</b>	<b>\$ (847,862,129)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>\$ 9,773,538</b>	<b>\$ 4,894,062,404</b>	<b>\$ 4,903,835,942</b>	<b>\$ 5,751,698,071</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,658,170</b>	<b>\$ 4,823,730,512</b>	<b>\$ 4,827,388,682</b>	<b>\$ 4,903,835,942</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

# Statements of Cash Flows

YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Change in net assets	\$ (76,447,260)	\$ (847,862,129)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expenses	1,100,683	1,028,261
Net realized gains on investment transactions	(28,375,328)	(427,808,122)
(Increase) decrease in net unrealized appreciation on assets	(57,393,795)	1,116,026,056
Increase (decrease) in net deferred tax liability	809,276	(15,731,429)
Changes in assets and liabilities:		
(Increase) decrease in securities transactions receivable	(3,907,449)	5,980,177
Increase in other assets	(161,305)	(154,117)
Increase (decrease) in grants payable	23,924,716	(25,225,963)
Decrease in securities transactions payable	(677,667)	(358,994)
(Decrease) increase in other liabilities	(4,486,110)	3,855,346
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ (145,614,239)</b>	<b>\$ (190,250,914)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	\$ 211,118,922	2,889,485,940
Disbursements for purchase of investments	(76,420,389)	(2,691,761,571)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>\$ 134,698,533</b>	<b>\$ 197,724,369</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	\$ (1,427,905)	\$ (1,374,479)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>\$ (1,427,905)</b>	<b>\$ (1,374,479)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (12,343,611)</b>	<b>\$ 6,098,976</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>27,618,907</b>	<b>21,519,931</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 15,275,296</b>	<b>\$ 27,618,907</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash (refunded) paid during the year for taxes	\$ (2,029,080)	\$ 5,369,684
Cash paid during the year for interest	\$ 1,077,979	\$ 1,131,405

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

# Notes to Financial Statements

**DECEMBER 31, 2023**

(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022 AND SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

## **(1) Summary of Significant Accounting Policies**

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### **(A) Organization**

The Duke Endowment (the Endowment) was established by James B. Duke by Indenture and Deed of Trust of Personalty, dated December 11, 1924, for specific charitable, educational and religious purposes. The Endowment is to have perpetual existence. Subsequently, additional amounts were contributed to the Endowment under Items VIII, X, and XI of the Will of James B. Duke and by gifts from members of Mr. Duke's family. Additional amounts were also received from The Doris Duke Trust. The Endowment has been classified as a private foundation and, accordingly, is subject to federal excise taxes imposed on net investment income, including realized capital gains. The Endowment is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

### **(B) DUMAC**

On July 1, 2007, the Trustees of the Endowment entered into a formal agreement with Duke Management Company (DUMAC), an organization providing investment management services for the Duke University endowment assets, whereby Duke Management Company would perform investment management services on behalf of the Endowment.

Pursuant to the terms of the arrangement, DUMAC is compensated by the Endowment for its investment management services at a rate proportionate to the Endowment's share of the total investment assets managed by DUMAC in comparison to the total operating expenses of DUMAC, paid annually. For the years ending December 31, 2023, and 2022, the Endowment incurred investment management fees to DUMAC in the amount of \$5,259,577 and \$5,688,220, respectively. Such fees are netted against dividends and interest income within the accompanying Statements of Activities.

### **(C) Method of Accounting**

The Endowment presents its financial statements on an accrual basis in accordance with accounting principles generally accepted in the United States of America (US GAAP). Certain items are maintained on a cash basis, which is not materially different from the accrual basis of accounting.

### **(D) Basis of Presentation**

The Endowment is required by the Indenture to use the interest and dividends (Endowment Income) earned on investments for purposes defined in the Indenture, subject to the defined authority of the trustees to withhold Endowment Income. More specifically, the Endowment is required by the Indenture to distribute to Duke University a certain amount of Endowment Income from the Original Corpus, Corpus Item VIII and Corpus Item XI, subject to a limited right to withhold by the trustees of the Endowment. The Indenture provides for additional trustee discretion with respect to the disbursement of Endowment Income to Endowment beneficiaries other than Duke University and also to Duke University out of accounts other than the three Corpus accounts listed above. In accordance with terms of the Indenture, which established the Endowment, realized gains and losses arising from investment transactions are considered part of Corpus. For purposes of presentation within the financial statements, all Corpus accounts are classified as net assets with donor restrictions.

The Endowment has elected to implement the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result of this implementation, the trustees determined that they would classify as donor restricted net assets maintained in perpetuity (a) the original value of Original Corpus, Corpus VII and Corpus XI, plus (b) the original value of subsequent gifts to Corpus, less (c) distributions specified by the donor.

The net assets of the Endowment and changes therein are classified and reported as follows:

- **Net Assets without Donor Restrictions** — These amounts are free from donor restrictions and are available for appropriation to the beneficiaries of the Endowment or for similar charitable purposes in accordance with terms of the Indenture.
- **Net Assets with Donor Restrictions** — These funds are subject to donor restrictions that will be met by the actions of the trustees for appropriation to the beneficiaries of the Endowment or for similar charitable purposes in accordance with terms of the Indenture or under circumstances described in Note 3. Using UPMIFA guidelines, the trustees have determined that \$259,681,078 be classified as net assets with donor restrictions maintained in perpetuity as of December 31, 2023 and 2022. For the same periods, the remaining balance of \$4,564,049,434 and \$4,634,381,326, respectively, represent the appreciation in the original values listed above.

Dividends and interest are reported as increases in net assets without donor restrictions. Realized and unrealized gains and losses are reported as increases or decreases in net assets with donor restrictions. Expenses and appropriations are recorded as decreases in net assets without donor restrictions.

The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP.

Accordingly, such information should be read in conjunction with the Endowment's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

#### **(E) Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and certain short-term interest-bearing investments held with banks for beneficiary and expense purposes. The Endowment maintains cash on deposit and the balance, at times, may be in excess of federally insured limits.

#### **(F) Securities Transactions Receivable**

Securities transactions receivable represents investment transactions that have been sold, but not settled. The Endowment recognizes investment transactions on a trade-date basis. Amounts are recognized in the Statements of Financial Position at fair market value.

#### **(G) Investments**

The Endowment accounts for investments under Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, through which the Endowment has elected to record investments at estimated fair market value with gains and losses included in the Statements of Activities. Realized gains and losses are recognized when securities are sold based on the first-in, first-out method.

#### **(H) Land, Building, Furniture and Equipment**

Land, building, furniture and equipment owned by the Endowment are stated at cost at date of acquisition. Useful lives range from 39 years for buildings, 7 years for furniture and 5 years for technological equipment. Depreciation is calculated on the straight-line basis over the assets' estimated useful lives, except for land. The Endowment reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment charge is recognized when the fair value of the asset or group of assets is less than the carrying value. There was no impairment recognized for the years ended December 31, 2023, or 2022.

#### **(I) Grants Payable**

The Endowment records grants payable once the Board of Trustees approves the grant. Once approved, each grantee organization must sign a grant agreement which stipulates guidelines and related requirements. The grantee must meet the terms of the signed grant agreement before funds are distributed.

## **(J) Securities Transactions Payable**

Securities transactions payable represents investment transactions that have been purchased, but not settled. The Endowment recognizes investment transactions on a trade-date basis. Amounts are recognized in the Statements of Financial Position at fair market value.

## **(K) Provision for Taxes**

The Endowment is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and is classified as a private foundation. Beginning in 2020, legislation changed the federal excise tax rate on private foundations to a fixed rate of 1.39% on net investment income.

In addition, the Endowment may be required to pay unrelated business income tax incurred through certain private equity investments. This tax is not material to the financial statements.

The Endowment records deferred excise taxes using the asset and liability method. Under this method, deferred excise taxes are determined based on temporary differences between the financial statements and tax bases of assets and liabilities using enacted tax rates expected to be in effect when such amounts are realized or settled.

## **(L) Risks and Uncertainties**

A significant portion of the Endowment's assets are held in a variety of investment forms. Investment securities, and other investments, including alternative investments in general, are exposed to various risks, such as interest rate risk, credit risk, liquidity risk, foreign currency risk and overall market volatility. Additionally, certain of the Endowment's alternative investments contain redemption rights which may be restricted or eliminated by the underlying funds based on the provisions of the fund agreements. Alternative investment transactions are conducted primarily through secondary markets, and accordingly the risk exists that the secondary markets could experience fluctuations in liquidity and/or volume, which could impact the estimated fair value of these alternative investments.

Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities will occur and that such changes could materially affect the amounts reported in the financial statements.

## **(M) Use of Estimates**

Management of the Endowment has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in preparing these financial statements in conformity with US GAAP. Actual results could differ from these estimates.

Significant items in the Endowment's financial statements subject to such estimates and assumptions include valuations for certain investments without readily determinable fair values, and actuarially determined benefit liabilities related to the Endowment's pension and other postretirement benefit plans.

## **(2) Fair Value of Financial Instruments**

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The estimated fair values of financial instruments have been determined by the Endowment as follows:

Cash and cash equivalents, securities transactions receivable, and liabilities are carried at cost which approximates fair value because of the short maturity of these instruments.

Investments are carried at estimated fair value, which is generally based on year-end published quotations, except as discussed below.

Certain Endowment assets that are held in various alternative investments, including partnerships that invest in the securities of companies, hedge funds and other investments, may not be immediately liquid and do not have a readily determinable fair value, that is, instruments not listed on national exchanges or over-the-counter markets. Partnerships follow the valuation guidelines stipulated in respective general and limited partnership agreements to determine fair value. Given the inherent risks associated with this type of investment, there can be no guarantee that there will not be widely varying gains or losses on these partnership investments in future periods. For its alternative investments, the

Endowment is eligible and has utilized the practical expedient method to measure fair value under generally accepted accounting principles. In accordance with the practical expedient method, the net asset value (NAV) reported by the underlying alternative investment is concluded to represent the fair value.

The note payable is carried at cost as the Endowment has taken the position that cost approximates fair value due to the nature of the agreement.

### (3) Released from Restriction

In December 2009, the Indenture was modified by court order to allow the trustees to expend net assets with donor restrictions to the extent necessary in the judgment of the trustees for the Endowment to make available to beneficiaries of the Endowment funds reasonably needed for purposes described in the Indenture, consistent with the fiduciary duty of the trustees to preserve the Endowment in perpetuity. The modifications were not in effect until after the trustees' final meeting of the year and did not affect the financial statements of the Endowment for years ended prior to January 5, 2010.

Under certain circumstances described above, the trustees may be required to transfer net assets with donor restrictions to net assets without donor restrictions to the extent necessary to comply with the provisions set forth in Section 4942 of the Internal Revenue Code. As reported on the Statements of Activities, the trustees determined that in 2023 and 2022 transfers of funds with donor restrictions in the amounts of \$156,101,015 and \$182,429,533, respectively, were required. Although the Endowment does not intend to transfer funds in excess of amounts approved for general expenditures as part of its annual budget process for operating expenditures and appropriations, trustees could release additional funds from net assets with donor restrictions if necessary.

### (4) Liquidity

The Endowment manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. In addition, the Endowment invests cash in excess of daily requirements in short-term investments or fixed income securities. Although the Endowment does not intend to spend from its donor restricted net assets, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from net assets with donor restrictions could be made available if necessary. However, donor restricted net assets contain investments with lock-up provisions that reduce the total investments that could be made available. Other than those amounts restricted in perpetuity, all other donor restricted net assets can be spent pursuant to the above limitations. Detail regarding notes payable is available in Note 8.

	2023	2022
Total assets:	\$ 4,944,114,997	\$ 5,002,419,948
Less:		
Assets restricted in perpetuity	(259,681,078)	(259,681,078)
Illiquid private investments and real assets	(2,073,046,159)	(2,229,766,016)
Land, building, furniture and equipment, net	(33,571,697)	(34,672,381)
Other assets	(1,818,413)	(1,657,108)
<b>FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR</b>	<b>\$ 2,575,997,650</b>	<b>\$ 2,476,643,365</b>

### (5) Provision for Taxes and Deferred Excise Tax Liability

The Endowment recorded in 2023 a net refund for excise taxes of \$2,029,080 and a net payment in 2022 of \$5,369,684. The Endowment's net deferred excise tax liability was \$20,031,582 and \$19,222,306 at December 31, 2023 and 2022, respectively, which primarily relates to unrealized gains on investments. The increase in deferred excise tax liability was \$809,276 and was allocated to unrealized appreciation in net assets with donor restrictions for 2023.

## (6) Investments

Investments are composed of the following:

	2023	
	COST	MARKET
Short-term investments	\$ 670,056,365	\$ 670,056,365
Fixed income	147,622,023	149,185,240
Equities	477,828,507	718,106,775
Hedged strategies	689,623,405	983,689,444
Private investments	976,464,655	1,782,518,200
Real assets	414,153,757	550,209,038
Other	66,946,200	30,050,861
	<b>\$ 3,442,694,912</b>	<b>\$ 4,883,815,923</b>

	2022	
	COST	MARKET
Short-term investments	\$ 706,511,324	\$ 706,511,324
Fixed income	117,493,903	106,702,979
Equities	478,365,064	571,490,299
Hedged strategies	732,833,316	957,480,570
Private investments	965,516,016	1,880,085,067
Real assets	435,050,421	609,362,027
Other	114,075,574	101,113,067
	<b>\$ 3,549,845,618</b>	<b>\$ 4,932,745,333</b>

At December 31, 2023 and 2022, \$41,053,542 and (\$23,493,773), respectively, were posted as collaterals for derivatives and thus not readily available for use. Collaterals held are included in hedged strategies and short-term investments.

The Endowment's investment classes are described in further detail below. Classes include direct holdings, which are generally marketable securities, and interests in funds for which the related investment strategies are described.

**Short-term investments** include cash collateral, money market funds, short-term U.S. Treasury, agency, corporate and other highly liquid debt securities with an aggregate duration of less than a year.

**Fixed income** includes non-government U.S. and non-U.S. debt securities, funds holding similar securities and debt-based derivatives.

**Equities** include U.S. and non-U.S. stocks, equity-based derivatives and interests in funds that invest predominantly long but also short stocks.

**Hedged strategies** primarily include interests in funds that invest both long and short in U.S. and non-U.S. stocks, credit-oriented securities and arbitrage strategies. Virtually all of the Endowment's investments in these funds are redeemable, and the underlying assets of the funds are predominately marketable securities and derivatives.

**Private investments** primarily include interests in funds or partnerships that hold illiquid investments in venture capital, buyouts and credit. These funds typically have periods of 10 or more years during which committed capital may be drawn. Distributions are received through liquidation of the underlying assets of the funds, which are anticipated to occur over the next 4 to 10 years. Certain private placement securities may also be held.

**Real assets** include interests in funds or partnerships that hold illiquid investments in residential and commercial real estate, oil and gas production, energy, other commodities and related services businesses. These funds typically have periods of 10 or more years during which committed capital may be drawn. Distributions are received through liquidations of the underlying assets of the funds, which are anticipated to occur over the next 5 to 12 years. Additionally, certain liquid commodity- and real estate-related equities, private placement securities and related derivatives are included.

**Other** includes primarily other derivative instruments.

As of December 31, 2023, and 2022, redemption frequency and the corresponding notice period for all investments are shown within the table below. The values of the unfunded commitments included within the following table are as of December 31, 2023.

ASSET CLASS	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IN DAYS) (IF CURRENTLY ELIGIBLE) <sup>1</sup>	REDEMPTION NOTICE PERIOD (IN DAYS)
Short-term investments	—	daily	1
Fixed income	—	1 to 30	1 to 30
Equities	—	1 to >365	1 to 90
Hedged strategies	—	1 to >365	30 to 180
Private investments	\$ 343,636,680	N/A	N/A
Real assets	161,359,880	N/A	N/A
Other	—	N/A	N/A

The Endowment measures fair value at the price expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance prioritizes the assumptions that market participants would use in pricing the asset or liability (the inputs) into a three-tier fair value hierarchy. This fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs in which little or no market data exists, requiring enterprises to develop their own assumptions. Observable inputs that do not meet the criteria of Level 1 and include quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets and liabilities in markets that are not active, are categorized as Level 2. Level 3 inputs are those that reflect management's estimates about the assumptions market participants would use in pricing the asset or liability, based on the best information available in the circumstances. Alternative investments are typically valued using Level 3 inputs, and such inputs include information provided by the managers of the underlying funds.

At December 31, 2023, \$125,239,958 or 2.6% of the Endowment's total investments, are valued using Level 3 inputs. At December 31, 2022, \$125,369,436 or 2.5% of the Endowment's total investments, are valued using Level 3 inputs. These items consisted of alternative investments in private equity funds as well as other alternative investments. The schedule below presents the Endowment's financial assets and financial liabilities that are recorded at fair value on a recurring basis, categorized by the level of inputs utilized in determining the fair value of each.<sup>2</sup> As of December 31, 2023 and 2022, the Endowment had no material financial assets or financial liabilities that were measured at fair value on a non-recurring basis.

	FAIR VALUE, AS OF DECEMBER 31, 2023	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ITEMS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	INVESTMENTS REPORTED AT NAV
Equities	\$ 718,106,776	\$ 559,254,405	\$ 39,600,072	868,000	118,384,299
Fixed income	149,185,240	82,684	70,061,118	25,003,147	54,038,291
Hedged strategies	983,689,445	30,226,202	(3,763,513)	—	957,226,756
Other	30,050,860	8,812,151	16,448,709	4,790,000	—
Private investments	1,782,518,200	4,457,704	—	86,817,176	1,691,243,320
Real assets	550,209,037	13,834,319	(2,175,111)	7,761,635	530,788,194
Short-term investments	670,056,365	—	670,056,365	—	—
<b>TOTAL ASSETS MEASURED ON A RECURRING BASIS</b>	<b>\$ 4,883,815,923</b>	<b>\$ 616,667,465</b>	<b>\$790,227,640</b>	<b>\$ 125,239,958</b>	<b>\$ 3,351,680,860</b>

<sup>1</sup> Based on current terms, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreement.

<sup>2</sup> Investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy (see chart defining measurement levels for each year). The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

	FAIR VALUE AS OF DECEMBER 31, 2022	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ITEMS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	INVESTMENTS REPORTED AT NAV
Equities	\$ 571,490,299	\$ 433,294,070	\$ 23,539,220	\$ 837,983	\$ 113,819,026
Fixed income	106,702,979	546,572	54,275,689	13,548,537	38,332,181
Hedged strategies	957,480,570	20,893,039	715,355	5,334,909	930,537,267
Other	101,113,067	5,398,149	90,924,918	4,790,000	—
Private Investments	1,880,085,067	2,523,298	—	90,741,934	1,786,819,835
Real assets	609,362,027	7,032,710	24,320,330	10,116,073	567,892,914
Short-term investments	706,511,324	—	706,511,324	—	—
<b>TOTAL ASSETS MEASURED ON A RECURRING BASIS</b>	<b>\$ 4,932,745,333</b>	<b>\$ 469,687,838</b>	<b>\$ 900,286,836</b>	<b>\$ 125,369,436</b>	<b>\$ 3,437,401,223</b>

The Endowment has included a summary of the investment valuation methodologies in Note 2.

For the years ended December 31, 2023, and 2022, there were no significant transfers in or out of Level 1, Level 2, or Level 3 fair value measurements of the Endowment's investment portfolio.

The following summarizes the relationship between cost and market value of investments:

	2023	2022
Gross unrealized gain, net of deferred excise tax	\$ 1,763,275,485	\$ 1,755,482,967
Gross unrealized (loss)	(342,186,056)	(391,805,558)
Excess of market over cost	<b>1,421,089,429</b>	<b>1,363,677,409</b>
Increase (decrease) in net unrealized appreciation on assets	57,412,020	(1,116,026,056)
Net realized gains from sale of investments	28,357,103	427,808,122
Total net gain (loss)	<b>85,769,123</b>	<b>(688,217,934)</b>
Net investment income	101,225,473	39,071,038
<b>TOTAL RETURN (LOSS)</b>	<b>\$ 186,994,596</b>	<b>\$ (649,146,896)</b>

At December 31, 2023 Duke Energy Corporation common stock represented a concentration of approximately 1.5% of the Endowment's investments as compared to 1% in 2022.

From time to time the Endowment will participate in a securities lending program. The Endowment loans certain investment securities for short periods of time in exchange for collateral, consisting mainly of cash and U.S. Government securities, equal to at least 102% of the fair value of the investment securities on loan. As of December 31, 2023, and 2022, there were no investment securities on loan.

As part of its investment strategy, the Endowment invests in certain derivative instruments, typically intended to economically hedge certain investment positions from fluctuations in market, rate, currency or other identified risks. During fiscal 2023 and 2022, the Endowment, or external investment managers on the Endowment's behalf, entered into swap agreements, futures contracts or forward contracts, and acquired warrants or rights to increase, reduce or otherwise modify investment exposures.

The Endowment's investment related derivative exposures, categorized by primary underlying risk with the prior year being conformed to current year presentation, are as follows:

PRIMARY UNDERLYING RISK AS OF DECEMBER 31, 2023:	LONG NOTIONAL	SHORT NOTIONAL	DERIVATIVE ASSETS	DERIVATIVE LIABILITIES	(LOSS)/ GAIN
Equity Price <sup>3</sup>	\$ 1,002,963,031	\$ 258,357,638	\$ 33,438,685	\$ (33,106,607)	\$ (12,292,047)
Interest Rate <sup>4</sup>	467,401,424	84,581,875	4,743,881	(3,084,077)	(2,437,208)
Commodity Price <sup>5</sup>	103,175,860	3,256,494	556,492	(1,680,696)	(15,501,892)
Credit <sup>6</sup>	1,638,786,418	1,002,246,246	52,270,957	(20,877,644)	(18,172,356)
Foreign currency exchange rate <sup>7</sup>	20,326,735	177,746,788	18,131,172	(22,606,355)	(1,848,895)
<b>TOTAL</b>	<b>\$ 3,232,653,468</b>	<b>\$ 1,526,189,041</b>	<b>\$ 109,141,187</b>	<b>\$ (81,355,379)</b>	<b>\$ (50,252,398)</b>

PRIMARY UNDERLYING RISK AS OF DECEMBER 31, 2022:	LONG NOTIONAL	SHORT NOTIONAL	DERIVATIVE ASSETS	DERIVATIVE LIABILITIES	(LOSS)/ GAIN
Equity Price <sup>3</sup>	\$ 938,544,161	\$ 265,181,041	\$ 22,084,310	\$ (16,919,950)	\$ 64,815,337
Interest Rate <sup>4</sup>	261,876,139	68,030,563	522,758	(186,425)	(3,656,345)
Commodity Price <sup>5</sup>	171,851,799	9,739,171	3,803,295	(1,894,298)	25,601,681
Credit <sup>6</sup>	1,693,068,047	854,949,809	97,785,609	(6,385,479)	25,441,153
Foreign currency exchange rate <sup>7</sup>	35,596,925	108,454,487	20,738,940	(780,967)	9,366,874
<b>TOTAL</b>	<b>\$ 3,100,937,071</b>	<b>\$ 1,306,355,070</b>	<b>\$ 144,934,913</b>	<b>\$ (26,167,119)</b>	<b>\$ 121,568,700</b>

As part of relative value strategies, the Endowment and investment managers on the Endowment's behalf entered into credit default swap derivative transactions on investment grade and high yield securities which typically have terms of five years or less to buy and sell credit protection. At December 31, 2023 and 2022 the notional of protection sold was \$1,631,696,800 and \$1,579,861,713 and the notional of protection bought with identical underlying assets was \$149,175,800 and \$131,093,049, respectively. These instruments are included in the Credit line of the preceding table.

<sup>3</sup> Includes options, swaps, and futures contracts.

<sup>4</sup> Includes options, swaps, swaptions, and futures contracts.

<sup>5</sup> Includes options, swaps, and futures contracts.

<sup>6</sup> Includes credit default swaps, swaptions, and credit total return swaps.

<sup>7</sup> Includes options, futures, and forward contracts.

The Endowment's investment related derivative assets and liabilities at December 31, by counterparty, are as follows:

	2023			2022		
	ASSETS	LIABILITIES	CASH COLLATERAL PLEDGED (HELD)	ASSETS	LIABILITIES	CASH COLLATERAL PLEDGED (HELD)
Counterparty A	\$ 21,123,918	\$ (5,683,231)	\$ (15,870,000)	\$ 16,206,524	\$ (10,131,719)	\$ (8,590,000)
Counterparty B	10,915,108	(5,130,171)	(5,720,000)	1,657,354	(985,587)	(770,000)
Counterparty C	13,490,987	(9,101,686)	(3,490,000)	19,184,695	(3,063,621)	(15,830,000)
Counterparty D	10,736,482	(987,914)	(4,124,664)	2,244,092	(2,083,027)	(270,000)
Counterparty E	20,900,730	(17,963,909)	5,673,766	51,856,859	(2,928,939)	(46,528,335)
Counterparty F	5,136,388	(20,136,399)	(731,489)	21,172,229	—	(2,436,496)
All Other Counterparties	26,837,575	(22,352,068)	65,315,929	32,613,160	(6,974,225)	50,931,058
<b>TOTAL</b>	<b>\$ 109,141,188</b>	<b>(81,355,378)</b>	<b>41,053,542</b>	<b>144,934,913</b>	<b>\$ (26,167,118)</b>	<b>\$ (23,493,773)</b>

### (7) Land, Building, Furniture and Equipment, Net

Land, building, furniture and equipment, net, are summarized as follows at December 31:

	2023	2022
Land	\$ 4,303,101	\$ 4,303,101
Building	37,896,786	38,004,760
Furniture	2,269,118	2,269,118
Technological equipment	1,610,177	1,502,203
<b>LAND, BUILDING, FURNITURE AND EQUIPMENT, GROSS</b>	<b>\$ 46,079,182</b>	<b>\$ 46,079,182</b>
Accumulated depreciation	(12,507,485)	(11,406,801)
<b>LAND, BUILDING, FURNITURE AND EQUIPMENT, NET</b>	<b>\$ 33,571,697</b>	<b>\$ 34,672,381</b>

There were no disposals during 2023 and 2022.

### (8) Indebtedness

On October 31, 2012, the Endowment (the Issuer) entered into a \$40,000,000 note purchase agreement with Massachusetts Mutual Life Insurance Company, MassMutual Asia Limited, and C.M. Life Insurance Company (collectively, the Purchasers), whereby the Endowment authorized the issue and sale of \$40,000,000 aggregate principal amount of its 3.85% senior notes due October 31, 2037. In 2021, Massachusetts Mutual Life Insurance Company transferred \$1,800,000 of \$31,000,000 original principal to Great-West Life & Annuity Insurance Company.

The note financed the construction of its headquarters located at 800 East Morehead Street, Charlotte, North Carolina and for other general organizational purposes.

The Endowment is required to make payments of principal, in the amounts specified in the note purchase agreement, on the unpaid balance thereof at the rate of 3.85% per annum, payable semiannually on the last day of April and October in each year commencing 2013.

As of December 31, 2023, and December 31, 2022, the principal balance of the notes payable was \$26,925,110 and \$28,353,015, respectively, which approximates fair value.

Future maturities of the principal note payments are as follows:

	AMOUNT
2024	\$ 1,483,409
2025	1,541,070
2026	1,600,972
2027	1,663,203
2028	1,727,852
Thereafter	18,908,604
<b>TOTAL NOTE PAYABLE</b>	<b>\$ 26,925,110</b>

The note purchase agreement contains financial covenants customary for such transactions, including limits on minimum total net assets, maximum total indebtedness to total net assets and priority indebtedness. The Endowment was in compliance with its covenants as of December 31, 2023 and 2022.

To supplement working capital and investment commitments the Endowment has two lines of credit as of December 31, 2023; \$30,000,000 with The Bank of New York Mellon expiring December 2024 and \$30,000,000 with Morgan Stanley Bank, N.A. expiring November 2025. At December 31, 2023, there were no outstanding borrowings under these agreements.

### (9) Contribution Received

The Endowment has agreements with Blue Meridian Partners, Inc. (BMP), a 501(c)(3) public charity to support its regional strategy – Get Ready Guilford. Pursuant to the terms of the first agreement dated August 28, 2018, BMP invested \$32.5 million through 2023. The Endowment is a Regional General Partner of BMP, which required the Endowment to fund one half or \$16.25 million with the balance of \$16.25 million funded by other partners of BMP. The Endowment entered into a new agreement with BMP on December 6, 2022, for \$120 million to continue support of Get Ready Guilford. The Endowment, as a Regional General Partner of BMP is required to fund one half or \$60 million with the balance of \$60 million funded by other partners of BMP through 2029. As of December 31, 2023, the Endowment received \$17 million of the \$60 million pursuant to the terms of the second agreement. The remaining balance of \$43 million will be paid in increments through 2029. The entire \$152.5 million investment of the Endowment and BMP supports Get Ready Guilford, a strategy to break the cycle of intergenerational poverty in Guilford County, North Carolina.

### (10) Net Assets with Donor Restrictions

Donor restricted net assets with purpose restrictions consist of the following at December 31:

	2023	2022
Duke University under Original Corpus, Corpus Item VIII and Corpus Item XI	\$ 1,007,621,156	\$ 1,022,312,669
Other charitable purposes	3,556,428,278	3,612,068,657
<b>DONOR RESTRICTED NET ASSETS – PURPOSE RESTRICTIONS</b>	<b>\$ 4,564,049,434</b>	<b>\$ 4,634,381,326</b>

Donor restricted net assets that are restricted in perpetuity consist of the following at December 31:

	2023	2022
Duke University under Original Corpus, Corpus Item VIII and Corpus Item XI	\$ 54,244,354	\$ 54,244,354
Other charitable purposes	205,436,724	205,436,724
<b>DONOR RESTRICTED NET ASSETS – RESTRICTED IN PERPETUITY</b>	<b>\$ 259,681,078</b>	<b>\$ 259,681,078</b>

## (11) Functional Expenses

The cost of program activities and administrative services have been summarized on a functional basis on the Statements of Activities. The statements of functional expense present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported within that functional area. Indirect expenses that benefit multiple functional areas have been allocated by the Endowment based upon square footage and headcount.

Expenses are reported on the Statements of Activities in natural categories. Functional expenses were categorized as follows:

### 2023

TYPE	ADMINISTRATIVE SERVICES	PROGRAM ACTIVITIES	TOTAL
Staffing	\$ 4,023,726	\$ 4,175,170	\$ 8,198,896
Retirement plans and employee benefits	2,412,335	2,122,073	4,534,408
Professional fees	2,277,498	2,644,228	4,921,726
Office operations	1,059,515	613,663	1,673,178
Travel and conferences	111,589	163,113	274,702
Communications	1,552,071	—	1,552,071
Other expenses	624,179	855,210	1,479,389
Interest expense	576,918	467,532	1,044,450
Depreciation	643,896	432,020	1,075,916
	<b>\$ 13,281,727</b>	<b>\$ 11,473,009</b>	<b>\$ 24,754,736</b>

### 2022

TYPE	ADMINISTRATIVE SERVICES	PROGRAM ACTIVITIES	TOTAL
Staffing	\$ 3,382,199	\$ 4,165,336	\$ 7,547,535
Retirement plans and employee benefits	1,505,006	1,323,019	2,828,025
Professional fees	2,208,693	2,331,884	4,540,577
Office operations	918,891	518,867	1,437,758
Travel and conferences	55,384	90,137	145,521
Communications	862,184	—	862,184
Other expenses	613,269	484,649	1,097,918
Interest expense	1,131,406	—	1,131,406
Depreciation	1,028,261	—	1,028,261
	<b>\$ 11,705,293</b>	<b>\$ 8,913,892</b>	<b>\$ 20,619,185</b>

For 2023 and 2022, investment expenses of \$12,442,395 and \$13,387,335, respectively are netted against dividends and interest income within the accompanying Statements of Activities.

## (12) Pension and Other Postretirement Plans

The Endowment sponsors a noncontributory defined benefit pension plan covering all eligible employees, as defined under the plan. The benefits are based on years of service and the employees' average final creditable compensation. Contributions totaling \$1,700,000 and \$350,000 were made to the plan during 2023 and 2022, respectively. The benefit obligation as of December 31, 2023, and 2022 was \$28,673,723 and \$25,565,408, respectively, and the net pension liability, included in other liabilities in the Statements of Financial Position, was \$10,669,432 and \$15,617,227, respectively, based on actuarial assumptions at December 31, 2023 and 2022.

The Endowment also sponsors a defined contribution plan with the Endowment providing matching contributions equal to 100% of employee contributions up to 3% and 50% of employee contributions between 3% and 5%. All full-time employees are eligible after a three-month waiting period. Total Endowment contributions in 2023 and 2022 were \$304,969 and \$270,449, respectively.

The Endowment provides certain health care and life insurance benefits to retired employees. The accumulated postretirement benefit obligation at the latest measurement date of December 31, 2023, was \$3,619,450. It was included in Other Liabilities on the Statements of Financial Position. At December 31, 2023, the Endowment determined that any additional liability for unfunded retirement benefits extended to retirees and to employees upon their retirement since the latest measurement date would not be material to its net assets.

### **(13) Subsequent Events**

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The Endowment has evaluated its December 31, 2023, financial statements for subsequent events through May 20, 2024 the date the financial statements were available to be issued. The Endowment is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

COMMITTED TO  
THE CAROLINAS



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